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Fahd

BUSINESS

EUROPEAN COMMISSION.

to arouse strong Danish opposi-tion in Brussels today. Britain

sees the agreement as ending a bitter EEC dispute and is

satisfied by plans for a six-wile

exclusive zone around its coast surrounded by a six-tidle limited access zone. Back Page.

• NEW YORK Stock Exchange

profits fell shamply in the first

quarter to \$30m against \$32m in the first quarter of 1981.

• FRANCE is raising a \$70m.

(£39m) yen/dolalr credit at a

margin over Japanese prime

MEXICO'S Comision Federal

de Electricidad has cancelled

a \$200 tender for construction

of its second nuclear power

station because of financial

Union apathy on

TUC CAMPAIGN for with-

drawal from the European

Economic Community has

evoked an apathetic response.

with only six replies from 108

affiliated unions and opinions

• LABOUR would reimpose

controls on capital movement

. MR NORMAN TEBBIT, the

Employment Secretary, will decide soon on the shape of

the youth training scheme. Page

• LIFE INSURANCE figures

for the first quarter of 1982

show new premiums for indivi-

duals and personnel pensions

increased by just over 5 per cent. Page 5

• NATIONAL COAL BOARD has applied to Leicestershire

· WALLPAPER industry con-

traction has forced Reed Inter-

national, whose Crown brand

holds 25 per cent of the UK market, to reduce its work-force to 1,200 and capacity to

Assurance staff are considering

strike action over a 7.5 per

SIFIDA, the South African

multinational investment cor-poration, has declared a 2 per cent dividend. Page 22

• SHARES OF KEPPEL Ship-

yard, a Singapore listed ship-building company, will be

traded on the London Stock Exchange from Thursday Com-pany pre-tax profits have risen

in recent years to 1981's S\$153.5m (\$\$40.5m). Page 18

• MORGAN CRUCIBLE'S chairman, Mr. Ian Weston Smith,

predicts pre-tax profits of the

group this year will show an improvement on 1981, but warns

COMMERCIAL UNION

25m rolls yearly. Page 6

COMPANIES

European links

rate. Page 21

problems. Page 3

spht. Back Page

and Japan

GENERAL

broberty lynes Devalopment and Construction

Health **Fisheries** unions to proposals step up cause new pay battle EEC row

Wealth Service unions, campaigning for a 12 per cent pay rise, are winning more support from other workers.

Scottish miners president Michael McGahey called on his 15,000 members to strike on June 23, the day of the next 24hour strike by health unions. There is also increasing

grass-roots pressure for escala-tion of the dispute by Cohse members, whose annual conference starts today. An emergency resolution to be discussed calls for all-out strikes at key

Nuclear protest

Anti - nuclear demonstrators, jubitant after about 1m people attended a New York rally, plan to block the UN missions of the five nuclear powers. U.S. Defence Secretary Casper Weinberger said the rally would not change Government policy.

Curbs 'eased'

Poland's Military Council of National Salvation told the Minister of the Interior and local officials, "to ease selec-tively" restrictions, after six months of martial law. Page 3

Mauritius pledge

The left-wing government-elect of Mauritius, which gained all 62 seats in elections, pledged it will not abuse its overwhelming mandate. Page 3

Troops move in

Intense military activity was reported in the southern Zimbabwe province of Matabeleland by Government forces in areas frequented by armed dissidents. Page 3

Access ordered

Zimbabwe's Supreme Court Chancellor, warned in Scotland ruled that two aides of opposi- at the weekend. Page 6. . tion leader Joshua Nkomo, held under emergency powers since March 10, must be allowed access to lawvers.

Cafes blasted

Bomb blests ripped through two Jewish-owned cafes in Paris and injured two people. No one has

claimed responsibility. Kampuchea bid

Foreign ministers of five noncommunist sonth-east Asian countries meet today in Singapore to attempt to break the deadlock in diplomatic efforts to remove Soviet-backed Vietnamese troops from Kampuchea.

Prior claim

Northern Ireland Secretary James Prior dismissed Commons opposition to the Northern Ireland Bill as being restricted

to a "few backbenchers." Page 6 Ballet loss

Dame Marie Rambert died in Cent-pay-offer, after other-com-London, aged 94. She founded panies have agreed to 8-10 per the Ballet Rambert, often called cent rises. Page 8 the cradle of British ballet, in

1926. Page 15

World Cup opens Belgium beat Argentina 1-0 in the opening match of the World Cup, in Barcelona.

Briefly . . .

Finnish pilot was killed when bis MiG 21 crashed 300 miles from Helsinki.

Jimmy. Connors beat John McEnroe 7—5, 6—3 to take the £13,000 prize in the Stella Artois tournament at Queen's Aub. Cricketer Ken "Slasher" Mackay, 56, who played in more than 100 Tests for Australia, died in Brisbane.

that the U.S. recovery is likely to be a year late. Page 19



Zimbabwe: Mining industry marks time 20 Surveys:

Channel Islands 25-27 the closed shop 17 U.S.A. Inset interests UK

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Westher 32
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Lebanon truce ends after 15 hours

BY DAVID LENNON IN THE AVIV AND ANTHONY MCDERMOTT IN BERUT

FIGHTING · flared · between guerrillas in Lebanon yesterday only 15 hours after the two sides had agreed to a ceasefire.

Israeli aircraft and artillery bounded Palestinian positions south of Beirut and further clashes: were reported from Sidon, Lebanon's third largest city. The ceasefire between Israel and Syria appears to be

The death toll is mounting sented yesterday a tough set of starmingly. At least 1,500 conditions to Mr Philip Habib, people; many of them Lebanese rivilans, are thought by the Red withdrawal from Lebanon. alarmingly. At least 1,500 people, many of them Lebanese civilans, are thought by the Red Cross to have died so far in

The Lebanese authorities estimate that 400 people have died in Beirut in the past two days alone. Up to 600,000 are said to have been driven from their

Hagnitals cannot cope with Israeli forces and Palestinian the flood of injured, and bodies buildings because the morgues are full. Urgent appeals have been made for supplies of

medicines and equipment.

There is the risk of epidemics because water and electricity supplies are cut in many areas. Food shortages are also becoming acute. Israel is believed to trave pre-

The Israeli Cabinet worked out o nSunday what it called a "basic proposal" for a future settlement. More than 100 Israelis demonstrated outside

the meeting calling for the

immediate withdrawal

of

ments are made to prevent the Palestinian guerrillas from recreating their mintary infrastructure in the areas from

be removed. A ministerial negotiating committee of seven, headed by Mr Menahem Begin, the Prime Minister, met for 90 minutes with Mr Habib last night. It told him that Israel wants the removal of all PLO bases from Lebanon and that it wants efforts made to ensure that all

Israel would also like to see an international force created with U.S. participation to police demilitarised zone

foreign forces are withdrawn.

area, because Soviet approval and participation would be required.

Mr Begin told the cabinet yesterday morning he was opposed to any suggestion of which the Israeli troops would a disengagement of forces between Israeli and Syrian military units in Lehanon.

Mr Habib is expected to go to Damascus to discuss the proposals with President Hafex al Assad and then to return later to Israel with the Syrian suggestions. However, there was no confirmation last night of the envoy's travel plans. Some of the beaviest fighting

yesterday centred on the village of Khalde, just south of Beirut southern Lebanon up to 25 airport and in the hills to the dards, in what was miles north of the Israeli boreast. Lebanese government originally to be a limited der. But Israel said it would sources said the Israelis were tion. Details, Page 4

Israel bas said its troops will not initiate any move for a trying to seize control of a net-not withdraw until arrange. United Nations force in this work of smal roads which could be used by Palestinian guerrillas to escape from the capital. A PLO spokesman said be believed the Israelis were still trying to encircle Beirut "so they can get the concessions

they waot."
Western journalists in Sidon saw Israeli troops using heavy weapons in an ottempt to subduc the Palestinian refugee camp of Ein Hilna. Spiping in other parts of the town hampered rescue efforts.

Israel's losses in the war also continued to mount and an army spokesman said yesterday that more than 130 soldiers bad died so far. The losses are considered high by Israell standards, in what was meant originally to be a limited opera-

Saudi throne BY RICHARD JOHNS, throne '

assumes

FAHD, the former Prince, assumed the of Saudi Arabia and Prince Abdullah, the Com-mander of the National Guard, became the new beir apparent yesterday following the death of King Khaled from a heart attack et the age of 69.

The succession was claimed a few hours after the formal approval of religious leaders bad been obtained. Continuity of Saudi policy

under King Fahd, 61, who has been chiefly responsible for its formulation over the past seven years, seemed assured,

His voice choking with emotion, the new leader pledged to pursue the "march, hopes and plan" of his halfbrother in a broadcast to the Saudi people.

President Hosni Mubarak of Egypt is to fly to Riyadh tomorrow to present his condo-lences. His visit may herald a rapprochement or even a reconciliation between Cairo and Riyadh following a threeyear freeze in relations. No appouncement was made

in the Saudi capital but it was clear by implication that Riyadh had given the go-ahead for the Egyptian leader to come.

Mr Mubarak's initiative yes-terday in making the first public contact hetween the two countries since the rupture and the announcement of his visit to Saudi Arabia were particu-larly significant in view of Cairo's hitter criticism of Israel's invasion of Lehanon. In his fullsome tribute to the

need.' In a further conciliatory ges-

flown from Tall, to

Prices and incomes freeze in France

Israeli forces.

BY DAVID HOUSEGO IN PARIS

French Government announced yesterday a fourmonth prices and incomes freeze as the main feature of a stabilisation package to support the devaluation of the French ranc over the weekend. The intention of the admini-

stration, led by the Socialist Party, is to bring the inflation rate down to less than 10 per cent. In the first quarter of this year, it was running at an annual rate of 13.5 per cent. The Government thus hopes tobring the French rate closer to that of its main industrial

competitors and to avold

renewed speculation against the

franc, which has caused a heavy

less of foreign exchange • FINANCE - MINISTERS of the EEC meet in Laxembourg reserves in recent months. The measures, which include today to settle differences over a freeze on dividend distribuexport subsidies which could tion and new efforts to control tause a trade row with the U.S. the budget deficts are the the budget "deficit, are the greatest retreat yet from the has yet to decide whether the expansionist policies which the rise can be reflected in elec-Socialists announced on taking office in May last year. The out of the UK, to prevent the "scandal of capital outflows," Government intends to preserve its heavy programme of public

But the measures show that the Government's concern with inflation now matches the priority it gives to employment. Doubts were being expressed here yesterday, however, about the effectiveness of the interapproach . the ventionist

Socialists have chosen. In support of the 10 per cent devaluation against the D-mark, on this the second devaluation of the franc in eight months. the government announced that all industrial and retail prices, as well as rents and services. will be frozen until the end of October at their levels of last

Exceptions are prices of agricultural produce which are subject to EEC agreements, and prices of fruit and vegetables. Fuel prices wil lalso be allowed to go up, butthe government has yet to decide whether the tricity prics.

Wage and salary increases -when the government none investment in industry. It is the less expects prices to rise at thus resisting any attempt to an annual rate of 3 per cent-label the package as defla- will also be hed steady. Some

oss of purchasing power will thus be entailed. As a result, wage indexation agreements in the public and private sector have heen suspended. An exthose on the minimum wage. Their earnings will continue to rise at a little more than the inflation rate.

In a gesture to unions the distribution of dividends bas been halted and frozen.

The government iotends that the prices and incomes freeze ahould give way to a negotiated wages and incomes policy. The yardstick for price Increases in the second half of the year will be 3 per cent. Employers and unions are to meet the government on Thursday

Over the budget deficit, the government wants to hold it to a ceiling of FFr 107on (£9.633bn) this year and FFr 120bn in 1983— boot figures equivalent in 3 per cent of GNP. The planned budget deficit for this year had been during the peroid of the freeze FFr 95bn, but it has since

Smoothe currency shuffle, Page 2 Editorial comment, Page 16

troops were firmly entrenched in the hills round Port Stanley. shows that the noose has tightened further round the estimated 6,000-7,000-strong garrison in the Falkland Islands

capital.

Mr Nott also had bad news to

Britain holds most of high ground round Port Stanley

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT THE Government said yester-

day that British forces held most of the high ground round Port Stanley. The Defence Ministry in London meanwhile conceded that the first civilian casualties among Falkland Islanders might have occurred. There was "sadly some evidence" that two people could bave been killed in the

weekend action and four seriously injured, the Minister First reports of the casualties,

naming six people, came from Buenos Aires on Saturday. Mr John Nott, the Defence Secretary, said last night that following what he had earlier described as the weekend's brilliant ettack on Argentine positions pear Port Stanley, British troops were now firmly in control of lory high ground round the Fakklands capital. About 400 prisoners were

taken, Mr Nott said. British troops controlled Mount Longdon, the Two Sisters Ridge, and Mount Harriet.

Mr Nott was making his first statement since he amounced on Saturday night that the advance on Port Stanley, expected for the last two weeks, His announcement that British

Bluff Cove: 50 died

Secretary, yesterday. Four soldiers were missing, pre-

naval officers and two sailors

CASUALTIES on Tuesday when Argentine aircraft bombed ships landing troops at Bluff Cove totalled 43 soldiers and seven sailors, said Mr John Nott, the Defence

> sumed dead, and 55 servicemen wounded. Mr Nott, who had begun by saying that be now felt able to reveal the casualties, said that on the Sir Galahad three

> > died. The Sir Tristram had two dead. The remainder of the crew were safe. This brings the total British death tell in the campaign to 185. announce. - Apparently confirm ing weekeed Argentine reports.

he said that the Glamorgan, a 6,200-ton County class destroyer, had been hit by Argentine fire. were killed and 17 wounded. - It was presumed last night

that the Glamorgan was damaged off Port Stanley. He indicated that destroyer was involved in the bombardment of Port Stanley. He added that land operations had been supported by attacks from Harrier aircraft. There was a successful attack

Continued on Back Page Other Falklands crisis stores, Page 2

ture the Egyptian government announced a 14-day period of mourning. Mr Muharak had evidently wished to attend the funeral of King Khaled But the monarch was buried quickly yesterday afternoon without pomp in accordance with Saudi practice after the body had been resort in the Western Province,

Mr Mubarak's wish to attend the funeral and the Sandis' willingoess to receive him are in marked contrast to the funeral of President Anwar Sadat last October. Then Arab representatives came only from the three Arab countries which maintained relations with Egypt after the signing of the peace treaty with Israel. New king's unenviable mantle.

Franc and lira devalued

BY JOHN WILES IN BRUSSES

THE DEVALUATION of the French franc by 10 per cent against the D-mark and the Durch guilder, is the sixth and possibly the most important realignment yet within the European Monetary System. The County Council for permission to sink e mine at Asfordby in the Vale of Belvoir. Back Page Italian lira has been devalued

hy 7 per cent.

The franc's devaluation follows an 8.5 per cent drop against the same two strongest EMS currencies nine months ago and is the largest single cut in the value of a currency since the system started 39 months

It was secured on Saturday evening ever the largely tactical hesitation of other governments and comes after weeks of speculative pressure which has severely drained France's foreign exchange reserves.

Increasingly, the markets have focused on the double digit gap between the French and West German inflation rates and the fact that French inflation, public spending and balance of payments all appeared to be overshooting government tar-

France is now expected to

seek EEC help in trying to rebuild its reserves. M. Jacques

Delors, the French Finance

Minister, is believed to have told other EEC finance ministers at their special meeting on Satur-day that Paris would be seeking a Community loan soon. Although he gave no details. Paris is thought likely to draw from a \$7bn Community factlity which was established early last year to help countries with

balance of payments problems.

e FRENCH FRANK THE NEW ECU CENTRAL RATES (in units of national currency) Belgian franc Luxembourg franc 44.9704 2.57971

Dutch guilder Danish krone 8.7340 Italian lira 1350.27 0.691011 Irish punt tions were partly achieved with

the belp of a 4,25 per cent revaluation of the DM and the guilder and partly by a 5.75 per cent devaluation of the franc against all other EMS currencies except the lira which is reduced by a lesser 2.75 per cent. The cross rates between the Luxembourg france and the Irish punt—remain unchanged but their bilateral central rates drop by 4.25 per cent. Yesterday's announcement of alance of payments problems. an austerity package by Paris The franc and lira devalua- was widely seen as the price

imposed by West Germany for its agreement to a franc devaluation. European Commission officials

see this as breaking new ground within the system and a clear indication that currencies labouring with fundamental economic weaknesses, such as the franc and the lira, must now be ready to adjust domestic policies in return for a realign-Italy's request for a devalua-

tion was prompted largely out of a fear of losing competitive-ness in relation to France. The lira's devaluation and yesterday's French economic package will be used by Christian Democrats in the Rome coalition to urge the Socialist Party to agree to new moves to lower Italian inflation and public spending.

Stewart Fleming adds from Basle: Some central bankers were still expressing concern yesterday about the long-term future of the EMS following the week-end realignment of currencies.

In Basie, where the world's leading central bankers were gathering yesterday for the annual meeting of the Bank for International Settlements, Dr W. F. Duisenberg, head of the Dutch Central Bank, said other EMS currencies—the that although it was hoped that Danish crown, the Belgian and the realignment would promote the realignment would promote convergence in the economic performance of the EMS members, the frequency of such with the DM and the guilder realignments was beginning to run counter to the original conception of the system.

French austerity package,

Independent survey reveals outright lift-truck leader.

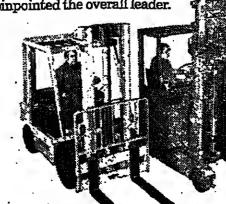
Everyone claims their trucks are best. So why not ask a wide range of your fellow truck users which make of truck they think is best?

Business and Market Research Ltd. have recently done just that, publishing without our or the industry's knowledge. a totally independent and unsponsored 1981 survey. 200 companies were questioned about their experience with the ten leading lift truck makes available in Britain today. Since most companies run mixed fleets, direct on-the-job comparisons were also possible between makes.

Asked to grade these makes according to the seven most important aspects of design, economy and efficiency, companies large and small soon pinpointed the overall leader.

Reliability: No. 1-Lansing Bagnall. High Quality: No. 1-Lansing Bagnall. Service back-up: No. 1-Lansing Bagnall. Good Design: No. 1-Lansing Bagnall, Lowoperatingcost: No. 1-Lansing Bagnall. Long Life: No. 1-Lansing Bagnall. Competitive price: Equal First-Lansing Bagnall

Bearing in mind the wide range of makes and truck types involved, further comment would appear superfluous. So for a practical demonstration of what these results can mean for your business, contact your local Lansing Depot right now. For this is no time to be buying second-best.



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BR talks to customers as strike looms

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

BRITISH RAIL is mounting a campaign explaining to major freight customers its position in the threatened strike action by the National Union of Railwaymen two weeks today. Many customers are becoming increasingly restless about staying with rail, and BR fears

some may turn to road transport. The British Rail board expects that all three rail unions will meet the consultative Rail Council on Thursday when the potential damage of the threstened action will be spelled out British Rail will resterate the gravity of its financial position and the

last week by Mr David Howell, ruption to deliveries and sup-Transport Secretary.

The threat of renewed industrial disruption to the railways comes when BR is still renegopiating its contract with the Post Office for carrying letter mail. The Post Office is expected to continue using BR for the bulk of its letters. But the prospect of mone will discuption is clearly an embarrassment for BR and could mean the Post Office putting more business

with other carriers. The British Steel Corporation. already confronted with major problems over the steel trade war with the U.S. and a sharp strike's threat to investment fall in orders, is trying to make policy, which was emphasised contingency plans for the dis-

plies of raw materials should the strike go ahead. The train drivers' dispute at the begin-ning of the year cost BSC film. Much of BSC'a products go by road, but certain products, such as beavy sections and plate, must be transported by rail. The disruption to supplies of raw materials is more serious in the long run to BSC-plants such as Ravenscraig, Scunthorpe, and Llanwern are

almost wholly dependent on rail deliveriles.

The National Coal Board with 70 per cent of its coal moved by rail, is resigned to the fact that a prolonged shutdown of the railways will vir toally halt coal movement.

Rome under Smooth currency shuffle may mark coming of age pressure to cut state borrowing

THIS WEEKEND'S 2.75 per cent devaluation of the lira has added to the pressure on the Italian Government to settle its long-mooted package of austerity measures which is aimed at hringing the

public sector borrowing requirement under control. The Rome delegation in Brussels led hy Sig Nino Andreatla, the Treasury Andreatla, the Treasury Minister, had been booing to avoid any devaluation. have

authorities argoed such a step would merely pusb np inflation, which is running at about 15 per cent, and offer only a short-lived competitive edge to Hallsn exporters. In recent weeks, the lira

has escaped the worst of foreign exchange market turbulence. Moreover, what is expected to be a highly successful tourist season is about to get luto full swing and generate large inflows of

foreign currency.

Italian industry, however, will warmly welcome the new 7 per cent advantage it has gained against West Germany, the country's higgest trading partner, and a major rival in third country

export markets. The devaluation is the third for the lira ln 15 months. Last year there were two downward shifts of 6 per cent and 3 per cent. The authorities are now hoping the exchange rate against the dollar will remain reasonably stable, thus avoiding any sharp increase in the cost of raw material imports.

Sig Giovanni Spadollni, the Prime Minister, Indicated again on Saturday that a package of austerity measures would he adopted acon. It would be designed to bring the state deficit back within its previously scheduled ceiling of L50,000hn (£21hn) for 1982.

ff nothing is done, it is estimated the deficit will soar to L65,000hn, equivalent to about 13 per cent of gross domestic product. Agreement on what pre-cisely is required, however, will call for a greater harmony between Christian and Socialist ministers within the ruling five-party coalltion

BY JOHN WYLES IN BRUSSELS

direction in French domestic to pay for the effective 10 per economic policy, but also the first signs that the system may yet actively promote the convergence of economic policies within the EEC that its architects once hoped for. Immense pressure in thia

direction is now being exerted by the West German Government and its increasingly robust Deutschemark. Fearing that the EMS will lose all meaning and value by a constant cycle of realignments caused by misguided policies in France and elsewhere, the Germans were adamant at the weekend that governments seeking devaluations must now urgently make the policy adjustments necessary to correct the fundamental weaknesses in their currencies.

In a move that was obviously closely co-ordinated with Bonn, M Jacques Delors, the French Finance Minister, arrived in would have to adopt comparable Brussels on Saturday afternoon measures if the Common Mar-

BY DAVID HOUSEGO IN PARIS

Wednesday last week. Anyhody

reason to doubt whether serious measures were in the pipeline falls.

to tackle the gravity of France's

rate three times that of West

Germany.

What is now clear after the

weekend's events is that M Mitterrand had resigned

himself to a devaluation some

time ago and was prepared for

the stabilisation measures to

accompany it. In private conversations at the Versailles

economic summit, be and his

ministers made clear that they

had been won over to the virtue

the political tasks. He has taken

on himself the role of national leaner who stands above the

But M Mitterrand has divided

of pruning budget deficits.

WE follow the same policy. Party

THE FRENCH AUSTERITY PACKAGE

We retain the same objectives," Communists that the Govern-said M Mitterrand on ment holds to its charted

listening to the French Pierre Mauroy, the Prime President at his press confer- Minister and M Jacques Delors,

ence-more confident and the Finance Minister, to assured than ever—had good announce the bitter medicine

economic problems and the risk eight months into a second of continuing to run an inflation devaluation and into austerity

THIS WEEKEND's relatively with all the details in his brief- ket is not to be put at risk, in public apending, that incomes smooth realignment of curcase of the austerity measures' rencies within the European announced in Paris yesterday. announced in Paris yesterday. : This was the price the Monetary System has produced This was the price the not only an important change of French Government knew it had

cent devaluation against the DM which has enabled it to remain in the EMS club. Ita readiness to do so and to court the disenchantment of the French Left is a measure of its appreciation of the economic and political importance of the In other words, EMS memher-

ship requires France to keep within hailing distance of German economic performance or between the franc and the DM just cannot he consained within the system. This in turn requires a speedy narrowing of the inflation differential between the two countries, which is now approaching 10 percentage points. The package announced by the Mitterrand Presidency yesterday is its first aerious step in that direction. In or out of the EMS, France

faithful

course. It has been left to M

and to take the hlame if it

measures is undonbtedly a

humiliation for the Socialists.

M Mitterrand needs no

reminding that the last time a

French Government imposed a

stabilisation package was in

1976 after the attempt by M Jacques Chirac — then Prime

Minister and now leader of the

Opposition - to reflate the

economy ended also in danger-

ously high rates of inflation and

imposed by M Raymond Barre,

Minister, also included wage The

The subsequent measures

took over as Prime

leaner who stands above the and price, controls. The diminishing the rythym of inflacent. The initial hudget estim-day-to-day conflict but nonether emphasis now being given to tion by enabling lower wage ates for 1982 had provided for less reassures the Socialist combating inflation—almost settlements that nonetheless a FFr 95bn deficit or equivalent

a widening trade deficit.

To have been forced within

and

France has a strongly protecquickening through rising imports of German cars, Italian wine and other EEC goods.

Its economy must begin to march more closely to the tune of its major trading partner, West Germany, or face something much worse in terms of unemployment, halance of payments deficits and investment starvation.

But this imperative is not peculiar to France alone. The Dutch economy is so closely linked with the German that the Netherlands again felt hound, as it did last October, to keep the guilder revaluation in line with the DM.

Belgium, whose 8.5 per cent devaluation in February has brought little relief to its franc, issued a significant declaration on Saturday evening that its commitment to the Bonn economic policy song sheet is as firm as ever. M Willy de Clercq, the Finance Minister, promised countries helpful to an economic that Belgium's 1983 budget upturn." This means that West would show a fall in real terms

Mitterrand keeps his distance from the bitter medicine

ployment-also smacks of the

policies of M Barre that the

question

wbether yesterday's measures

will aucceed in removing the

divergence in French economic

performance and preventing a

The feature being given most

weight yesterday was the four

month wage and prices freeze. This is not entirely what

M Delors would have wanted

hecause the squeeze it will put

on already depressed company

profit margins will be a further

also be discouraged by the

freeze on dividend distribution

-evidently intended as e ges-

ture to unions to abow that the

burden is being evenly shared.

been championed by the radical

wing of the Socialist Party as

diminishing the rythym of infla-

But a prices freeze has long

The business community will

disincentive to investment.

further devaluation.

vigorously

remains

Socialists

denounced.

The.

France has a strongly protect would continue to be held down tionist pulse which has been in 1983 and 1984 and that tight money and a vigorous fight against inflation would remain the hallmarks of Brussels' approach to its economy.

> If the Belgian franc remains suspect, so too does the Italian lira, despite its effective 7 per cent devaluation against the DM and the guilder. Again, this was not secured without an undertaking from Sig. Nino Andreatta that Rome, too, will bring in austerity measures aimed at curbing public spending and inflation "within the next few days.

Having bound Germany'a

veaker brethren more closely to Its view of the correct economic path, Herr Manfred Lahnstein the West German Finance Minister, lost nothing in conteding that stronger economies also have their resonsibilities within the EMS. The communique says that Germany and the Nether-lands "note that the adjustments will facilitate policies in their

the eclipsing the Socialists' initial maintain worker purchasing to 2.6 per cent of then predicted overn- goal of bringing down unem- power. The Government hope GNP. The combination of lower

to follow the freeze by a nego-

tiated wage policy.

If this combination has

bistorically never worked in

France, the Government is put-ting its hopes in the belief that

the unions will accept from the

Socialista an austerily regime

that they would not accept from

the right. Initial talks between

Government, unions and employers on how to break the

inflation wage index link that

has continually kept French

inflations high are to begin on

reduce the budget deficit look

less severe than the French

had aignalled to the Germans or

M Delors appeared to be indi-cating to bis fellow finance

The goal this year is to hold

the deficit at 3 per cent of GNP
—equivalent to FFr 108bn on

the basia of a now anticipated

growth in real GNP of 2 per

ministers over the weekend.

At first sight the measures to

Thursday.

CENTRAL BANKS intervened heavily on Friday as the two strongest and two weakest members of the European lonetary System come under pressure at their maximum intervention limits.

Ahead of the EMS a realismment announced on Saturday, the Bank of France intervened very heavily to prevent the D-mark and Dutch guilder tion points at the Paris fixing.

The Belgian National Bank

lower its domestic interest situation in a show of solidarity rates- a move which, in any case, looked likely to follow the softening of U.S. rates and the drift of funds back to the DM which hegan last week.

ment, the EEC Ministers then presented it publicly as "further evidence of the ability of the Germany at least, will seek to national economic and monetary

tax receipts as the result of

lower economic growth and ballooning expenditure bad-raised the probable deficit to

For 1983, the Government an-

nounced yesterday a budget deficit ceiling of FFr 120bn,

equal to 3 per cent of GNP.

They appear to bope to achieve

this by sharp cuts in current

expenditure (estimated to rise

y 20 per cent this year) The administration thus hopes

to retain fixed capital public

investment as both major stimulus of growth and the "locomotive" for modernising

French industry. President

Mitterrand announced last week

that the Government would

invest FFr 25bn next year in the

competitive nationalised sector. Nonetheless, as a result of

both the deflationary measures

end lower than anticipated inter

national growth, the Govern-

ment now expects only a 2.2 per cent rise in GNP next year.

This compares with the more

than 3 per cent growth it had reglism.

FFr 125hr

was also forced to support its currency against the German and Dutch units and the Bundeshank announced interyention to assist the French and Belgian france at the Frankfurt fixing.

The German central bank bought FFr 93m and BFr 22m on Friday as the French and Belgian francs were fixed at their EMS floor against the D-mark, but support for the two currencies on the open market was probably far more significant.

Having agreed their realign-EMS to face the present difficatilitie hollow - Saturday's culties stemming from the inter- agreement and its consequences

and co-operation, and emerged tion may have some content. On Saturday, as it faced its third. realignment in nine months, the EMS' claim to have established a zone of monetary stability in Europe was beginning to sound

For once this ritual declaracould mark a coming of age.



take the blame if the policy

M Mitterrand had hoped to put off austerity measures until after the municipal elections next spring-important both to the Communists and the Socialists in reinforcing their local electoral base. The impact of them is almost certain to diminish further the prospects of the left—though opinion

M Jacques Delors: He will

hoped for in both 1982 and

polls also suggest that many Frenchmen welcome more

strategy' pleases Bonn

Double

By Jonathan Carr in Bonn WEST GERMANY is delighted that the realignment of currencies within the Euro-pean Monetary System (EMS) this weekend is being backed by belt-tightening measures in France and Italy. Bean feels this "double strategy" could give the EMS a new lease of lefe.

lease of life.

Government officials here stress that the latest alteration of EMS partities the sixth since the system was formed more than more years ago—would not have been worthwhile without a tougher domestic stance by the high inflation member countries.

Currency moves alone, it was feared, would have paved the way for yet another realism.

way for yet another region-ment before long. Phat in turn, it is felt; would have undenuined the system's credibility and perhaps endangered its very existence. Attention is drawn to the difference between this weekend's EMS moves and the last major realignment in October last year (followed in February by detailution of the relatively less important Belgian france and Danish krone.
Last October, it is noted, the devaluation of the franc by

3 per cent was acrompanied by no domestic policy changes likely to rective the French inflation rate which was, and remains, more flian double the German one This time, the French are introducing what the Germans see as a tough package. If it really hites as Bonn fervently hopes if will it should belo to bring down French inflation and costs, improve French compe-titiveness and undergin the

The Germans were told about the French intention to devalue and to introduce atability measures on the margins of the Western economie summit conference in Versailles a week ago.

Both for the German Government and the independent
central bank, the Bundesbank. the French action is a major relief. It is described here a the satisfactory result of a "learning process" which has been under way since the new leftist administration came to

THE FALKLANDS CRISIS

Red cross plans **Stanley sanctuary** zone for civilians

BY ANDREW WHITLEY, IN RIO DE JANEIRO

THE British Government yester- Convention-were established day welcomed a proposal by the International Red Cross Committee to establish a neutral in Dacca, the then capital of zone in Port Stanley, the Falk-land Islands capital, as a sanc-tuary for the hundreds of the plan now envisaged for Port civilians trapped by the fighting. Stanley, but worked success-About 600 of the town's fully.

original 1,000 inhabitants are The ICRC said the plan would helieved to be still in Port be to fly the committee's red and

Stanley, considerably more than white flag from the corners of the earlier reports of 200 to 300 suggested by the Defence Ministry in London. The revised figure follows a visit there hy a two-man delegation from the ICRC, the Geneva-based relief organisation, last Thursday and

Britain has long been pressing for the aafety of the local inhabitants to be taken more into account hy the occupying Argentine forces and had asked the ICRC to look into their well-being. In welcoming the ICRC proposal, the Defence Ministry said it hoped the plan would be implemented immediately. So far there has been no reply from the Argentine Government.

The increasing danger to civilian lives as the British forces intensify their bombardments and ground attacks was hrought home on Friday with the reported death of two locel residents and Injuries to four others. They were the first "Kelpers" believed to have been killed since the Argentine

On Saturdey the ICRC issued a formal appeal to the British and Argentine Governments to allow a demilitarised zone to be set up for the henefit of wounded and sick civilians and aoldiers from both sides. Civilians not taking part in the fighting would be called upon to take shelter inside the zone.

A precisely designated block in the heart of the town, around

the demarcated area in Port Stanley and to paint large crosses on the roofs of buildings. to protect it against the danger of shelling or aerial bombard-

ment. Any soldier coming into the area to be treated would be required to band over his

porarily based on the Uganda, the British hospital ship, and the other two supervising the increasingly busy traffic of wounded and repatriated prisoners-of-war through Monte-

HMS Herald was due in Monte. Falklands is shortly to enter its tions judefinitely. The Versailles video yesterday with 70 third phase—when Britain will summit ended with a ringing wounded British servicemen on have to reach an understanding endorsement of Britain's aim wounded oriests servicemen on lawe to reach an understanding endorsement of Britain's aim hoard, to be transferred to a with the world over what it does of repossessing the islands, to bring them back to Britain. A few hours earlier the Norland, a requisitioned ferry boat the truthles it feed desired with the Task Force or the troubles it feed desired make many declines with operating with the Task Force, had handed 1,051 Argentine soldlers captured at Goose Green over to the ICRC, for the short journey across the River Plate to Buenos Aires.

According to first reports, some 300 Argentines were taken prisoner during the weekend's assault on Argentina's forward positions around Port was then that Mrs Margaret Stanley. They are being ferried Thatcher told the House of hack to the British head Commons that British's pence quarters at San Carloa and are proposala were withdrawn.

Generals step up war of words against 'aggressor' BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA is stepping up its Stanley on Friday with air-to-campaign to paint the British ground missiles. The military Government as an aggressor and authorities in Buenos Aires violator of human rights as its claimed the private home was

at preparing public opinion for whet may be imminent defeat. whet may be imminent dereat.
On Saturday a communique from the joint, Chiefs of Staff Argentina would denounce the said vessels from the British task force had fired on the channels " and described it as a "clear violation of the most alamentary human rights."

Port Stanley, killing two kelpers and seriously wounding four.

"These citizens . . killed journalists whether the mand wounded by British mechine-gun fire are those which the British Government on the hospital ship, an office of the mechine-gun fire are those which the British Government on the hospital ship, an office residents in a "clear violation of the n elementary human rights."

When asked by British tary authorities believed British the British Government on the hospital ship, an office residents." defence of whose interests it

cleims to be fighting this war. Gross.
... said the communique. Since full-scale hostilities adding that Argentine doctors broke out in the Falklands the were making every effort to save the lives of the wounded. An earlier communique said British aircraft had seriously the island.

troops put up e last desperate e few yards away from the defence of Port Stanley. local Catholic church where a

The campaign, which has surfaced whenever. Argentina is suffering serious military reverses, appears to be aimed mission of the International mission of the International Red Cross, personnel and

When asked by British journalists whether the military authorities believed British planes had intentionally fired on the hospital ship, an official claims to he protecting and in suggested the question should he put to the International Red

> broke out in the Falklands the bulk of an estimated 1,000 civilians living in Stanley have fied to farms in the interior of

weapons.

Weapons.

Weapons.

Weapons.

Five ICRC representatives are presently in the South Atlantic bospital ship Babia Paraiso war zone; three of them tem
Weapons.

Over the weekend the The International Red Cross men of peace while Mrs. Press pictures showed President Thatcher was a bloody war-dent Galtieri, on bended knee, and Argentina to establish a monger was summad up in the receiving the papal blessing.

When they attacked Port arrival of Argentine

PERU GIVES ARGENTINA OFFICIAL CONCRETE AID

HAS officially acknowledged for the first time that it is giving "eoncrete aid" to Argentina in its war with Britain. But it is stressing that this excludes any possibility of direct involvement, Doren Gillespie writes from Lima.

Sr Mannel Ulloa, the Prime Minister, sald on Saturday that C-130 Hercules transport aircraft will he sent to Argentina on a mercy shuttle between Comodoro Rivadavia, the mainland base for the

Falklands, and Bnenos Aires. They will transport wounded brought from the islands.

Peru is also to receive delivery of eight Exocet missiles from France.

Ordered by the Navy, these are helieved to be the surface-to-surface version of the missile which Argentine naval aircraft have used to

knock out two British ships. Ne date was given for their delivery which will be in two shipments. Sr Ulloa said France decided to go ahead with the order, after first

sources put this figure at 600) wounded and sick civilians. ad remained because they bad een given the "freedom of hoice" by Argentine troops.

Asked why they bad not been fiered adequate protection by Argentina's military rulers.

Wavy newspaper Conviccion:

"While in Palermo (the park in Bnenos Aires where the Pope in British at atrocities in Bnenos Aires where the Pope in Saturday) they cried Peace, in the Malyings the hoodbath had rom the fighting an official said.

The implicit requestion that bad remained because they bad been given the "freedom of choice" by Argentine troops offered adequate protection from the fighting, an official said

from the fighting, an official said he did not know.

The International Red Cross Committee has asked Britain and Argentina to establish a monger was summed up in the receiving the papel blessing.

The implicit suggestion that begun, the paper acreamed in the members of the junta were indignation.

However, Argentine authorities have so far refused to comment on British reports that monger was summed up in the receiving the papel blessing.

The implicit suggestion that begun, the paper acreamed in the members of the junta were indignation.

However, Argentine authorities have so far refused to comment on British reports that monger was summed up in the receiving the papel blessing.

that there was any intention to send Mirages. However, last month a Boeing 747 of Aerolineas Argentinas, the national carrier, was stripped of its seats and sent to Lima on cargo duties.

changing its mind when the

Peruvian Government pro-

Contrary to reports from

Buenos Aires that Peru had

supplied Argentina with

replacement Mirage Arcraft, the Prime Minister denied

tested.

Navy newspaper Conviccion: The implicit suggestion that begun," the paper acreamed in

naval Captain Alfredo Astiz after his release by the British authorities was relegated to dragging its feet then

back page coverage.

Captain Astiz, who was taken prisoner in South Georgia, was questioned in Britain last week by Swedish and French officials in the disappearance of two nears and the specific of the strength of the specific of two nears and the specific of two nears and the shooting of a young student. Captain Astiz has been accused by tames rights organisations of being directly responsible for the torture and

death of a number of civilians. Ha was reported to have been flown to Buenos Aires from Rio de Janeiro on Samirday in a special air force plane, wfter being taken to Brazil in a British Caledonian flight from London.

Last month the Argentine Defence Minister Sr Amedeo Frugoli publicly accused Britain of using cluster bombs in their raids on Stanley Airport. The ralds were described as "crimes against humanity."

Britain considers the future of a repossessed 'Fortress Falkland'

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

video, the Uruguayan capital.

The British hospital ship BRITISH DIPLOMACY over the two members extending sanc-

as the troubles it faced during the seven weeks it tried to force Argentina to accept a negotiated settlement. Then it had the double problem of mobilising alkies abroad while riding out domestic criticiam for having allowed the crisis to develop. On May 20, that phase ended and the second one began. It

make many dealings with Brazin's standing in the world fear they are now in the eye of the hurricane.

Britain's game plan is simply described—repossession of the islands, re-establishment of British administration, reconstruction, and then consultation with the islanders over their Yet each stage is beset with

problems. Repossession is proving a more bloody and drawn

backing of its ellies and discour-age Argentina from carrying out criticism, some form of self- Britain's.

Mrs Thatcher has already heard from the Americans when it age Argentina from carrying out its threats to harrass the island for months and years if it is necessary," as Gen Leopoldo Gsltieri, the President, put it

A more bloody process could worsen Britain's standing, make it more difficult to win international backing for any security arrangements for the islands, make any British compromise harder and stiffen Argenttina's resolve. Yesterday, for Instance, Gen Alfredo Saint Jean, the Argentine Minister of Interior, was insisting his or future generations will take the islands back. "I think each Argentine would, if necessary, arm himaelf and go, even if it meant going to his death," he told London Weekend Television.

government is likely to be agreed, while keeping the ad-ministration as familiar as possible to the Islanders. The islands' legislative and

executive councils could be maintained and expanded, one senior official says. Mr Rex Hunt, the former Governor, might well return despite Foreign Office reservations, at least initially, although short of some of his more overt colonial trappings. Present thinking is that the military could work in parallel with him or even nominally be subordinate.

EEC countries have to decide whether to continue trade sanctions and the U.S. and Latin Americ ahave to be consulted over joining in any security arrangements.

with its allies at this stage of leaders agreed that the its plan, particularly over how problem of the Taiklands must should be leave to be allowed to be admits the control of the stage of the stage

The communications links to be established will be influenced by the degree to which Britain can co-operate with Latin American countries. Some of the fishery, and most of the oil. resources lie in areas claimed by Argentina. Further, while Britain could leave the up to 5,000-strong garrison necessary to hold the island against attack, EEC countries have to decide

he best of the town, around the cathedral, has been proposed. The block is adjacent to the main landing jetty on the harbour, but is not thought to have any military positions nearby.

A spokesman for the ICRC said yesterday that it was "clearly in the interests of both asides" to accept the proposed. The means of ensuring Argenian troops on west falls as means of ensuring Argeniane for the compilance fits a case-didner fits to accept the proposed. The harbour countries the compilance fits a case-didner fits a case-didner fits to accept the proposed. The second phase has been since to protect the said yesterday that it was "clearly in the interests of both acides" to accept the proposed. The harbour countries the compilance fits a case-didner fits a case-didner fit accept the proposed. The second phase has gone to his death" he told onto Weekend Television. More problematic will be the erisk said grimly that evening, harbour the capture of Port Stalley. Hope that military action could be avoided was dead. The main landing visits and problematic will be the erisk said grimly that evening, have any military positions nearly.

A spokesman for the ICRC said yesterday that it was "clearly in the interests of both saids" to accept the proposal.

The problematic will be the capture of Port Stalley. Hope that military action could be avoided was dead. The main landing the fitting han is to give the Falklands, but its plan particularly over how problem of the Falklands in the testion mode were which British and many countries, the stall which the lainance is still before the problematic will be the capture of Port Stalley. Hope that military positions are relations with the lainance is still below to explain the interest is addition to the problematic will be the capture of Port Stalley. The EEC has a mace so of the Falklands and the town in the capture of the Falklands and the the tiss had hoped to the Falklands and the capture of Port Stalley. The EEC has interesting the long that the list of the problematic will be t

from the Americans when it has begun to stress that options involving Argentina in the islands abould not be ruled out for all time.

In the past Mrs Thatcher has speculated that the islands inight he given independence.
This possibility featured as one
of the 17 options recently
presented to her by the Foreign Office, with the proviso that it would almost certainly require U.S. security guarantees.

How much account London will take of the islanders' wishes is one problem still to be resolved. For the time being no decision has been made hetween the various options on the table. Indeed, even consultation with the islanders is still

W Constitution of the cons

Armed push against rebels reported in southern Zimbabwe

activity was reported this week-end in the troubled southern plotting a coup. Mr Nkomo end in the troubled southern Zimbabwe province of Mata-

Local residents said dozens of air force iransport planes designed for paratroop drops bad been seen heading south in recent days into bush and mountains frequented by groups of armed dissidents.

Travellers arriving in Bula-wayo, the provincial capital, reported seeing paratroop landings in the Matopos Mountains in midweek, followed by prolonged bursts of gunfire.

The government bas not commented on the reports. But Prime Minister Robert Mugabe has repeatedly promised to crush dissidents who have been responsible for a recent spate of killings and robberies in southern and western districts.
At least 25 people have been killed in Matabeleland in the past two months. The Government has blamed ex-guerrillas loyal to Matabeleland-based opposition leader Josbua Nkomo, who was sacked from Reuter

denies the accusation.

Diplomats asy up to 2,000 ex-guerrillas of Mr Nkomo'a Zipra forces bave deserted from the 60,000-man national army since February.
Other officials said groups of

armed men in camouflage uni-

forms had been seen moving through rural areas, often in groups of 30 to 40. Local people in Bulawayo yesterday said camouflaged air force Dakota transports were

constantly flying south over the city. Their rear doors, used for paratroop drops, were wide open, they said. One said be had counted 12 planes. Locals said activity appeared to be centred on the Kezi district, halfway between

Bulawayo and the border with South Africa. Diplomats reported a major push against bandits in the Tjolotjo area north west of Bulawayo three weeks ago, involving troops of the national army.

Tension grips Honduras after wave of arrests

BY OUR MANAGUA CORRESPONDENT

MORE THAN 60 arrests have those participating in them may been made in Honduras over the be past few weeks involving trade proceedings. unions and student leaders main focus of opposition to a opposed to the Government. The security forces are known to bave a list of 4,000 people, both Hondurans and foreigners, who are not allowed to enter or leave the country for political

The list is widely believed to include the name of Bianca Jagger who last year witnessed, and subsequently denounced, the abduction of Salvadorian refugees by the Salvadorian Army from camps inside Hunduras along its border with

The Supreme Court last week ruled that the internal elections for the key post of rector in the subject

The university has been the series of military governments. Sr Juan Almandarez the rector for the past three years, has the been subject of death threats in recent months. He is also the target of a virulent press compaign against Government opponents.

University anthorities have accused the Government of spending \$500,000 on the campaign against the university. The new Chilean ambassador

to Honduras declared on Friday that his country would increase military aid to the Honduran Government in the coming months. This has raised fears that the new clampdown is a autonomous State University beginning of an intensify had been invalid — and that wave of political repression. beginning of an intensifying

President Shagari to seek re-election in Nigeria

BY MICHAEL HOLMAN IN LAGOS

THE National Party of Nigeria with two minor parties, have (NPN) has nominated Presi-formed the Progressive People's dent Shebu Shagari as its presi-Alliance (PPA). If this alliance dent Shebu Shagari as its presidential candidate in the electism aintained it will present a tions due to be beld towards the formidable challenge. It is far

The president was the sole PPA will agree on its leadernominee at the special NPN ship nr programme. convention at the National Arts The UPN bolds Nigeria's 19 states and from the federal capital territory of

The president's nomination came as no surprise. What will attract greater interest, bow-ever is the contest for the vice-presidential nomination at the

end of this year. The current vice president, Dr Alex Ekwueme, who is an Ibo from eastern Nigeria, is likely to face several challengers.

Campaigning for next year's BRITISH AIRWAYS will resume national elections is already services to Baghdad later this under way. But issues are taking second place to the complex negotiations within and between NPN's main rivals—the Unity Party of Nigeria (UPN), led by Chief Obafemi Awolowo, and Dr

Nnamdi Azikiwe's Nigerian People's Party (NPP).

from certain, however, that the

The UPN bolds five south-west states, the NPP three Theatre, Lagos, which was west states, the NPP three attended by 3,000 delegates from states, including two which are dominated by the Ibo people. President Shagari's NPN took

seven states in the 1979 election.
The constitution stipulates that a successful presidential candidate must win at least 35 per cent of the votes in two thirds of the 19 states.

BA Baghdad flights resume services to Baghdad later this

month for the first time since the outbreak of the Gulf War in September, 1980. The first flight will leave on June 24. There will be a weekly TriStar 500 service leaving Heathrow every Thursday, flying direct in Baghdad and These two parties, together returning on Friday via Amman.



Ambrosiano chairman disappears

By Rupert Cornwell in Rome

THE BOARD of Banco Ambrosiano, at the head of Italy'a biggest privately-owned banking group, was meeting last night to examine its position following the mysterious disappearance of Sig Roberto Calvi, the bank's

Sig Calvi was last seen on Thursday evening at his Rome flat. Since then, his whereabouts have been un-known. It is thought that either he has been kidnapped or that he has disappeared

deliberately. He has been one of the most controversial figures on the Italian banking scene. On June 21, a Milan court is due to bear his appeal against his sentencing last July to a four-year jail term on currency effences. He has been at liberty but deprived of his passport.

His name also featured on the membership list of the disbanded P-2 Freemasons lodge. Sig Calvi provoked further controversy last year when La Centrale, a financial company controlled by Ambrosiano, bought a 40 per cent stake in Corriere della Sera, Italy's biggest daily

Sig Calvi has kept very tight personal control of Ambrosiano's affairs. In his absence, authority is likely to pass to Sig Roberto Rosone, the bank's senior deputy chairman. The Milan Bourse authorities have Indicated that, for the moment at least. they do not intend to suspend trading in Ambrosiano and its associate companies.

Reshuffle leads to Lisbon row

ANOTHER CONFLICT has erupted between Portugal's President of the Republic and the three-year-old ruling Centre Right coalition, following General Antonio Ramalhn Eane's very public disap-proval of the recent government reshuffle.

Last week, Sr Francisco Balsemao abruptly appointed new Ministers of Labour, Education, Foreign Affairs and Parliamentary Affairs. He informed the President only afterwards, whereas procedure requires consultation of

the Head of State: Swearing in the new Minis ters on Saturday, Gen Eanes bluntly said he considered the reshuffle "not fitting for the present. difficult circumstances," but would let it pass due to the urgent need to finish reviewing the Constitu-

Portuguese presidents are empowered to appoint or dischoosing. Sr Balsemao refu-ted the President's criticism on nationwide television, but his speech was considered somewhat ineffectual.

NOTICE TO CARDHOLDERS

Barclaycard is pleased to announce a reduction in its monthly rate of interest charged to cardholders from 2.25% to 2.00% (equivalent to an annual rate of charge of 26.8% for purchases and, typically, 27.2% for Cash Advances).

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Barclaycard, Northampton NN1 1SG. Barclays Bank PLC, 54 Lombard Street, London EC3P3AH.

Victorious Mauritian Left reassures critics

MAURITIUS'S left-wing government-elect, swept to power by a massive victory in last Friits way to reassure both sup-island's 540,000 voters went to porters and critics that it will the polls in an election connot abuse its overwhelming ducted with scrupulous fairness.

Leaders of the new governent, which will be sworn in by the island's governor-general later this week, promised, after election results were announced on Saturday, that the constitu-tion will be amended to provide for compulsory elections every

five years.

Mr Paul Berenger, the winning coalition's chief strategist and Winance Minister-designate. said that in foreign policy "we lems caused by a failure of the will not rush into anything." sugar crop in 1980 and last year The Movement Militant Mauriand low world sugar prices.

cien (MMM) and its allies cap-tured all 62 elected seats in Mauritius's 70-member legislature. Almost 90 per cent of the Although the ruling Labour Party of Prime Minister Sir Seewoosagur Ramgoolam attracted 24.6 per cent of the votes, all its candidates—including the

constituency system.
Sir Seewoosagur, 82, attributed his defeat to high unemployment (currently almost 20 per cent) and other economic prob-lems caused by a failure of the sugar crop in 1980 and last year

Despite assistance from z U.S. public relations company the Ramgoolam Government was unable to match the MMM's youthful image and its superior organisation. The Labour Party has been in power since 1948, and most voters were keen for

a change The MMM coalition was particularly successful in bridging Mauritius'a ethnic division. More than half the population Prime Minister and his entire cabinet—were defeated because of the island's winner-takes-allare Hindus, with the remainder split between Moslems, Creoles, Chinese and whites.

The alliance attracted surprisingly wide support from the normally conservative Hindu community. Mr Aneerood Jugnauth, nominal leader of the MMM and Prime Ministerdesignate, is a Hindu.

The coalition includes a And coalition incinces a Hindu-based party, the Parti Socialiste Mauricien (PSM), whose leader Mr Harish Boodhoo will be deputy premier.

The PSM's 18 MPs are likely to be a restraining influence and some observers already predict a split between the MMM and PSM before the next elections.

The MMM's foreign policy is pased on strict non-alignment, Mr Jean Claude de l'Estrac. foreign minister-designate, said after the election that talks will be started "very quickly" with the U.S. and Britain in a bid to restore Mauritian sovereignty to Diego Garcia and to close the U.S. military base there.

Mr de l'Estrac said the new government will cultivate close

ties with France and India. According to local yesterday, President Mitterrand and Mrs Indira Gandhi will soon be invited to visit Mauritius.

Mr de l'Estrac said the island will start examining ways nf lowering its dependence on South African imports and tourists. But he added, "we will

not be in too much of a hurry.' The main fear of many Mauritians and outside observers is that the country's intractable economic problems may prompt the new government to experi-ment with increasingly radical political and economic policies.

The MMM manifesto included promises of higher wages, improved social welfare and

selected nationalisation.

Polish restrictions to be lifted 'selectively'

BY CHRISTOPHER BOBINSKI IN POZNAN

POLAND'S Military Council of National Salvation (WRON), nominally the most senior decision-making body under martial law, bas instructed the Minister of the Interior and local officials "to selectively ease" restrictions; throughout the country.

The conciliatory move marks the passing yesterday of six

months of martial law. The talk of relaxation is designed to show that the authorities are regaining control over the population, a necessary gesture if General Wojciech Jaruzelski, the WRON chairman, is to be seen to be getting his way.

The move pre-empts any proground may be planning for the coming days.

These would now enable the authorities to argue that their gesture of goodwill was rejec-ted, and to blame any eventual. re-imposition of controls on the

POLICE intensified security in several sections of Warsaw nn Sunday, and checked identity papers of travellers as Poland entered its seventh month under martial law,

AP reports. The authorities have apparently decided not to take any chances on Sanday, despite their amountement nn Saturday nf another

The WRON statement does, however, contain a reference to "authentic accord," a possible. sign that the authorities are gearing up for another attempt finding agreement with the

In any case, the reference to "authentic" accord in the WRON statement is a signal to nfficialdom that hardliners are still being held at arm's length by Gen Jaruzelski-which is all the more significant as the council contains some of the

In Victory Square, several hundred people clustered around the flower cross marking the site of Cardinal Stefan Wyszynski'a funeral last year, as uniformed policemen stood quietly in the background.

series of relaxations of

martial law curbs slapped

down at the start of the

clampdown on December 13.

political and military establish-Nevertheless, there is still a

. It remains to be seen, for example, whether the relaxation will include the return of such institutions as the Warsaw Catholic Intelligentsia Club, established in the 1950s and

most conservative figures in the

long way to go towards a return to normality, let alone a return to Solidarity.

suspended last December. Another indication that the

authorities are feeling their way very cautiously is an order to release a mere 257 internees. According to church estimates, the number of people interned ia in the reginn of

The figure bad dropped to about 3,200 at the end of April, but rose after the demonstrations on May 1 and 3 and before the 15-minute national

strike called for May 13. Official trade figures for the first five months of the year show that Poland had, up to the end of May, achieved a surplus in its hard currency

trade of \$537m. Its hard currency imports to the end of May were down 40.6 per cent at \$1.4bn, and exports bad dropped by 9 per cent to \$2bn.

The value of Poland's deli veries to Comecon was up 7.6 per cent while East Bloc sales to Poland were running at last

Mexico cancels \$2bn nuclear plant contract

By Ronald Buchenan in Mexico City

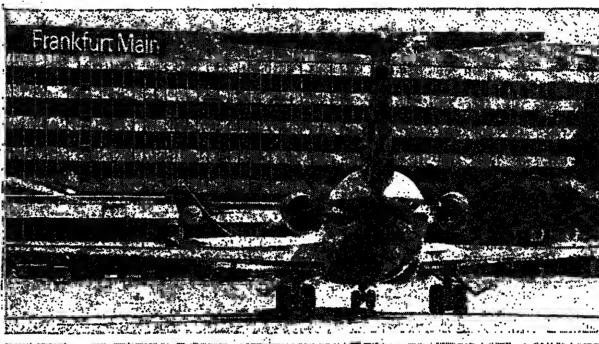
MEXICO'S Comision Federal de Electricidad has cancelled the \$2bn tender for the construc-tion of the nation's second nuclear plant. The which had attracted bids from seven companies representing five countries, is a victim of Mexico's finaocial crisis, which has led to unprecedented austerity measures. The decision was expected

following the floating of the peso last February. The Comision's

means that the goal of achieving 20,000 Mw of installed nuclear capacity by the end of the century is no longer attain-The whole programme will now have to be reconsidered

by the next administration, which takes over for a aix-year term at the end of the year. For the companies involved the cancellation is a bitter blow.

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Israel wonders how to get out of Lebanon

NOW THAT Israel has driven Defence Minister. It itself deep into Lebanon, every- emerges that be tried to one here is asking the question bow to get out. The Begin Government wants to create a Christian - controlled Lebanon but, as Mr Abba Eban, a former Foreign Minister has said, "It's not within our power to make

Government officials are already saying that they expect there will continue to be an Israeli presence in Lebanon "for several months but not years. the complexity of problems, before the Israeli incursion and occupation of nearly half the country, many are wondering if it will be possible leave so soon.

The problems of disengagement are immense. Jerusalem wants to ensure that the PLO will not be able to use Lebanon as a base to launch attacks on Israel But even the vaunted Israeli armed forces have not been able to prevent that. So what chance does an inter-national force have of being able to keep southern Lebanon

Then there is the domestic problem of the architect of the

emerges that be tried to keep the Cabinet in the dark about his plans in Lebanon beyond the originally approved objective to push the Palestinian guerrillas back 40km from the Israell border.

After finally getting approval for the war in Lebanon, which he had been seeking for months, there is some question Cabinet to persuade him to back his forces, in exchange for less than the attainment of a new order.

It is clear to Israel that its troops will have to remain for some time in Lebanon. Some people worry that the longer the presence goes on, the barder it will be to withdraw. They fear that the old Arabic and Hebrew salving: "With the food comes the appetite" maybe self-fulfilling. Despite fervent and repeated

government declarations that Israel does not want "eveo one inch of Lebonese territory, many recall that after Israel captured the West Bank, Gaza Strip, Golan Heights and Sinai in the 1967 war, the late Levi that it never intends to a Eshkol, then the Prime up any of these territories.

ISRAEL IS to impose new taxes to pay for the war in Lebanon, it was announced yesterday. It is estimated that the war has cost some £330m to £385m so far. As Israel is planning a fairly long stay in Lebanon, the cost can be expected to rise considerably, David Lennon writes.

Mr Yoram Aridor, the Finance Minister, said yester-day it was necessary to impose new taxes "to pay for the war." He said the war taxes, which would be temporary, were expected to raise Shi 15bn (£375m).

that, over Sinai. In the case

of the Golan, Israel has already

annexed it and, as for the West

Bank and Gaza Strip, the Begin

Government has mada it clear

that it never intends to give

return for peace.

Minister, said that Israel did If Israel is not given thenot want to keep any of the assurances it seeks on military captured territory, and was wil-ling to hand it all back in political settlement in Lebanon, then it remains difficult to see how it will be It took 15 years until , a partner could be found to do possible to persuade It to pull

fiscal year.

A levy of 25 per cent in the

existing value added tax is to be imposed bringing the effec-

tive rate up from 12 per cent

to 15 per cent.
A Shi600 (£15) tax will be

imposed on every kraeli travelling abroad and a 2 per cent tax on all sales of securi-

ties on the Tel Aviv stock exchange will be collected by

banks and brokers. The travel

tax will be in force only from June 15 to September 20, the

minister said. The other war

taxes will be levied at least

until the end of the current

A confirmation of plans for a long stay was an announce-

to hear the home broadcasts. The Government may expect ome pressure from Washington

Domestic opposition to the occupation of Lebanon is certain to grow, aided no doubt by a decision yesterday to impose new "war taxes." The country already has the highest taxation rate in the world.

The Israeli soldiers went to this war with less than total enthusiasm but performed their military tasks with ruthless efficiency. They are unlikely to enjoy a prolonged stay across the border, especially as it will be necessary to keep a large number of reservists mobilised as long as the occupation lasts.

The disruption which prolonged reserve duty in the army causes to the working and domestic life of the mobilised soldiers will not be suffered gladly by many Israelis who doubted the need for this war in the first place. Their pressure ment yesterday that Israel is for a speedy settlement and an considering placing a radio early withdrawal could prove to station in southern Lebanon to be a crucial factor in the interboost the broadcasts of Israel national efforts to get Israel ont-

Financial cost of war and occupation yet incalcuable

BY ANTHONY MCDERMOTT AND NORA BOUSTANY IN BEIRUT

"THE RAPE of Lebanon" is the headline of the black cover of today's Beirut weekly, "Monday Morning." The description is stark and accurate. Lebanon bas suffered badly, and, it appears, will continue to, from, becoming the battleground the Israelis have chosen to take on the Palestinians and Syrians.

The major sections of the Palestinian population, put at aboot 600,000 in all Lebanon, are now subject to Israeli occumation in the Beirut area, the Bekaa Valley and Tripoli in the North.

It is almost impossible at this stage to calculate in money terms just how much damage the week-long Israeli invasion bas cost. The International Committee of the Red Cross is asking for \$19m as emergency assistance and that must be only a fraction of what is The - Red required. Cross reckons that 600,000 people or about 20 per ceot of the Lebanese population bas been by the fighting and there are real fears that with or breaking into flats for



A Beirnt resene worker carries the body of a baby away from the rubble and wreckage of a building devastated during the recent artillery and air bombardment of the city. The building housed the offices of the New York Times

so many families on the run- shelter-real health hazards Organisation squatting in buildings in Belrut could develop. Tha Palestine Liberation Israel began its invasion a week at Beirut.

killed and wounded-mainly

According to a United Nations official, Tyre, which had a population of about 100,000; has demolished. Sidon, further north and of roughly the same size, has suffered only slightly less damage. Civilians are camping on the beach, and, according to the Red Cross in Sidon, there have been 1,000 killed and 30,000 wounded there. Close to Beirut some 350 people have had to be transported to neighbouring regions as the capital's medical facilities come under intense

Relief has been hampered partly by the fact that fighting has continued despite ceasefires, and partly because Israel has apparently been reluctant to cooperate with international organisations. At Larnaca Airport in Cyprus, three jumbo jets are standing by with medical supplies but are unable to land

SUMMARY OF ESTIMATED SUBSIDIES AT JUNE 10

Haig encouraged by Soviet caution

MR ALEXANDER HAIG, the U.S. Secretary of State, described the Soviet attitude to Israel's invasion of Lebanon as "encouragingly

cautious" yesterday. In two sets of exchanges with President Reagan—the second occurred over the weekend after the negotiation of a ceasefire between Israel and Syria - President Leonid Brezhnev expressed " concern, but caulious concern" about the fighting in Lebanon. Privately, U.S. officials had

feared that Soviet assistance to Syria and the PLO might have been intensified after the Israeli invasion. They now believe that an agreement between Presidents Brezhnev and Reagan to prevent the conflict from widening was vital for an early ceasefire. Mr Haig said yesterday that

U.S. policy on the Middle Bast war was dictated by UN reso-intion 507, which called for an immediate ceasefire and withdrawal from Lebanon.

For the moment, he said, the key aspect of resolution 507 was to bring an end to hostilities. Responding to questions from television reporters, he refused to call for an immediate Israeli withdrawed but said that ultimately there must be a withdrawed of all foreign forces from Lebanon. He would not discount a referendum in Lebanon " or any other step that would strengthen the authority of central govern-

Mr Haig said that "nothing could be further from the truth" than the idea that the U.S. colluded in any way with

the Israeli invasion. Some State Department officials are now suggesting that the removal of Palestinians from Lebanon may bring a final solution to the Palestinian problem nearer. Mr Haig said that he hoped "these trasic circumstances would offer new opportunities for reviving the Camp David

Senator Charles Percy, chairman of the Senate foreign relations committee. said in a separate interview that the Palestinians may now have to be moved into the Israeli-occupied West Bank and Gaza Strup,

Syrian soldiers put brave face on defeat

BY PATRICK ICOCKBURN IN DAMASCUS

not attacked us we could have destroyed their tanks," said a wounded Syrian soldier in hospital in Damascus yesterday, slipping back the sheet of his bed to show his right leg cased in plaster. Three days after he had arrived in Lebanon and taken up position with his platoon on the edge of the southern extremity of the Bekaa Valley, they had come under Israeli attack

He said there had been no: Sam missiles to fend off the aircraft. When he and the rest of platoon were deployed to meet a tank attack fhe Israeli aircraft bombed them. He carried a friend 2km on his back before be died and then walked on him-self to find help. He said he did not know what had happened to the rest of his unit. The soldier looked quite cheerful lying in bed beside which were two bouquets of flowers sent by his relatives in the Syrian coastal town of Tartous.

Masked by the verbosity of official propaganda, whose authors seem to care little if their words carry any credibility, the Syrians suffered real wounds in last week's war. In the same hospital as the wounded soldier, a young 18 year-old carpenter called Naif al-Halall al-Hussein had both his legs amputated after his building site was hit by bombs.

In the Christian quarter at Greek Catholie church, the 31-year-old captain, who had commanded a Sam anti-aircraft missile battery in the Bekaa, was being buried. Coming out of the crowded church, the officer's figuree collapsed on the steps and had to be carried into waiting car.

Officially, the Syrians portrayed last week's lighting as victory for themselves. The ceasefire was at first greeted with some jubilation. Ordinary Syrians have a very good idea about what war involved and their chances of winning it

Syrian : But the news that the cease. and the Israelis had again; broken down sent Syrians unce H again back to their radios yesterday. Tension is beginning to mount again. The extent of the civilian casualties in Lebenon

is also making an impact Some of these have been hospitalised in Damascus, mostly peasants is and villagers from the Hekas. Valley hit by Israeli bombing. But, for the moment, it looks likely that the Syrians will uphold the ceasefire. The Government needs to avoid an all-out war with the Israelis in which they are Thely to be overwhelmed. The apparent failure of the anti-servial system in the Beken Valley has

Soviet diplomatic assistance bas also been kinded though President Hasez al-Assad received another letter from the Soviet President Leonid Brezhnev on Saturday, Lack of fresh supplies of Soviet equipment, however, cited by some Syrian discomfiture, is not likely to have made much difference: since Syria has Jarge supplies to of weapons.

come as a blow,

Over the weekend these were being deployed to reinforce the defensive lines protecting the mountain path which links the Bekaa Valley to Damascus, Mobile Sam anti-aircraft batteries, the white rockets smeared with mid for cameuflage, could be seen on the hillstops. A long line of 155 mm artillery pieces were moving into Lebanon

So long as there is a ceasefire or the chance of one between-Israel and the Palestine Liberation Organisation, the Syrian-will probably try to keep out of the fighting. The decision in declare a ceasefire was a unflateral one by President Assad, say diplomats. But an attack on Beirut, or loss of the road linking the Lebauese There is a strong strain of capital to Damasuns, would lead pessimism and, at times, to a renewal of the fighting

WORLD TRADE NEWS

EEC LIKELY TO CHALLENGE STEEL DUTIES

U.S. faces up to 'real threat' of trade war with Europe spotlight on aid

BY ANATOLE KALETSKY IN WASHINGTON

A TRADE war between Europe tively expensive. This will not privately that the U.S. Governand the U.S. is a real possi-necessarily help the U.S. steel ment positively wishes to see years. On Friday the U.S. Com- Dutch steelmakers, who enjoy merce Department announced minimal subsidies, could well a preliminary decision to step into the breach left by impose counterveiling duties other European companies. on 21 European, Brazilian and South African steel exporters who are alleged to be benefiting from unfair government subsidies in violation of the General Agreement on Tariffs

The Commerce Department official who organised the steel benafit from government sub-investigation, Mr Gary Horlick, sidies. Other officials quite was the first to admit on Friday that bis decision was "so important to the Europeans that they will bave to challenge

"It goes to the heart of the European steel industries' efforts to restructure them-

WEST GERMANY has expressed regret at the U.S. action against steel imports from European countries but is far from shocked by Washington'a action, writes Jonathan Carr in Bonn.

The reason is that although the Germans are the European Community's biggest steel producers, their com-panies receive relatively few subsidies from the state and will thus have to pay a much lower level of countervailing duties than their European counterparts.

In a statement this weekend the Economics Minister, Count Otto Lambsdorff, stressed that Bonn's aim had long been to speed up removal of steel subsidies in

selves under government guidance," Mr Horlick's boss, Under Secretary for Trade, Mr Lionel Olmer, added. Of that there can be no

doubt. Assuming the preliminary findings are upheld (two more formal reports will be Issued in August and October) Commerce Department will be matched by equal countervailing duties. Uotil October exporters will have to post bonds equal to the estimated duties with the U.S. Govern-

As the accompanying table shows, for many of the higgest steelmakers in Britain, France, Italy and Belgium — which between them sold about 3.3m tonnes of steel to the U.S. last year—duties ranging from 18 to 40 per cent would make exporting to the U.S. prohibiBut the significance of last week'a announcement goes well

beyond the steel industry. As Mr Olmer pointed out, the principles raised in the steel investigation have been completely novel and could well be applied to other products which their decision may set a precedent for other countries wishing to take action against subsidised

Murmurings about retaliation from Europe do not seem to Europeans would be "fully within their rights to impose countervalking duties" on any U.S. exports which they found to be subsidised in breach of

who set up domestic inter-national sales corporations (Discs). Since 1971 U.S. conpanies have been able to estab-lish Discs, which enjoy excep-tionally advantageous treatment under U.S. tax laws, to handle their exports.

According to EEC estimates, Discs handle a total of \$75bn (£41.8bn) of U.S. trade annually, at a cost to U.S. tax-payers of about \$1bn; According to EEC estimates, the Cetter of the cost of the Cetter of the Cett ing to EEC officials the Gatt council ruled last year that Discs are idlegal, but U.S. trading partners have not taken any action under this ruling

However, officials in Washington believe the EEC would prefer to challenge the legality of the U.S. determination of steel subsidies under Gatt rather than threaten retaliation. The European view is that the Gatt subsidies code permits government assistance to industries undergoing restructuring. At the very least, European officials maintain, these kind of subsidies are a moot point

under Gatt. A unilateral interpretation of Gatt rules on soch subsidies by Gatt rules on soch subsidies by government loan guarantees any one country is unaccept- and equity participations. able to the EEC, Viscount d'Avignon, EEC Industry Commissioner, said in Brussels.

ment positively wishes to see bility for the first time in many industry however. German and this bappen. Countervailing action against subsidised imports is not protectionist, they maintain, it is designed to make the world trading system more open and free. In the view of European

trade officials, this kind of Brazil posturing is an attempt to lay W. Germany a trap for Europe. The legality of the U.S. action against steel exporters under Gatt is by no means as clearcut as the Americans are claiming. If the EEC joined in the U.S. game by imposing countervailing duties on subsidised U.S. exports to Europe, it would be effectively endorsing the American interpretation of the Gatt code on subsidies.

If Europe does retaliate, it France alarm the Americans. On the has three possible options: contrary, Mr Horlick says the agriculture synthetic fibres and Europeans would be "fully U.S. tax exemptions for exporters.

The easiest U.S. subsidy practice to attack would be the to be subsidised in breach of the Gatt subsidies code.

EEC retaliation is most likely to be on the effective subsidies which the U.S. Government grants to exporters who set the domestic intercompanies enjoy by receiving VAT refunds on exports. Rather than enter these

debates, the EEC is more likely to respond initially by challeng-ing the legality of the U.S. countervailing actions. The Gatt subsidies code is quite explicit in its ban on export subsidies and member states are fully entitled to countervail against them.

However, the code is much hazier on general industrial subsidies, which apply equally to domestic production and exports.

The U.S. has highlighted three particular kinds of subsidles to European steelmakers —loans at preferential rates, government equity participa-tions on terms which are not consistent with commercial considerations and straightforward cash grants. All these, U.S. officials say, are covered by the Gatt subsidies code.

Europeans deny this on aeveral grounds. Least contro-versially there will be room for argument about the Commerce Department's calcula-tions of the subsidy elements in

Estimated subsidy Country . Producer (% of fob value) Cockerill-Sambre Struturals, Plate, HR5/5*** 20.602-21.773 Siderurgie Maritime (Sidmar) Plate, HRS/5 Forges de Clabeca 5.834 Fabrique de Fer de Charleroi Plate 8.58 AG der Dillinger Plate, HRS/S, CRS/S Huttenwerke Stahlwerke Peine Structurals, Plate, HRS/5, CRS/S Klockner-Werke AG Plate, HRS/S, CRS/S Rochling-Burbach GmbH Structurals, Plate, HRS/S, CRS/S Fried, Krupp Huttenwerke AG Structurals, Plate, HRS/S, CRS/S Otto Wolf 0,757 Structurals, Plate, HRS/S, CRS/S Hoesch (0.349 de minimis) Thyssen Structurals, Plate, HRS/5, CRS/5 Structurals, HRS/S, CRS/S Structurals, HRS/S, CRS/S HRS/S, CRS/S 30,029 20,097 Italsider Cold-rolled sheet, HRS/5 Structural, Plate, Hot-rolled carbon Estel Hoosevens RV iron and Steel Corp. steel bars, Hot-rolled alloy steel bars, Cold-formed carbon steel bars, Hot-rolled sheet, Cold-rolled Highveld Steel and Vanadium Corp. British Steel Corp. 9.6 to 9.9 Structural, Plate, Hot-rolled 40.362 2.445 carbon steel bar Flather Bright Steel* Cold-formed carbon steel bar London Works 4.779 Round Oak Steel® Hot-rolled carbon steel bar, Cold-formed carbon steel bar Bar Bright Usam Bedford Steels Hot-roled carbon steel bar. Cold-formed carbon steel bar Cold-formed carbon steel bar Brasway Bright Bar Bright Steels Darlington & Simpson Cold-formed carbon steel bar Roling Mills
The Dudley Port Rolling Structurals Excluded Structurals, Hot-rolled carbon steel Excluded Exton & Booth Structurals, Hot-rolled curbon steel Glywed Steels Kiveton Park Steel and Hot-rolled carbon steel bar Cold-formed carbon steel bar

Cold-formed carbon steel bar Cash deposit on bond equal to the estimated subsidy will be required as follows.

(1) Importers of a listed product from a listed firm must meet the indicated cash deposit or bonding rate.

(2) Importers of a product included in the determinations (i.e., product x from country y) produced by a firm that was not included in the investigation must meet the highest cash deposit or bonding rate for that

that was not included in the investigation must meet the highest cash deposit or bonoing rate for that country.

(3) Where a company listed below has not exported a particular product during the period of investigation the cash deposit or bonoing rate for other products included in the determination will be the highest rate for products that were exported by that company.

Flather Bright, London Works, and Round Oak are related to BSC. Therefore, if they export any product included in the determination ("certain steel products from the UK") other than those indicated here, they must meet the BSC cash deposit or bonding rate for that product.

**Round Oak Steel is owned 99.5 per cent by BSC and therefore, to prevent possible circumvention, was not excluded from the determination despite being found to have received no subsidies.

***Hot-rolled sheet and strip.

bsidies by government loan guarantees also point out that they conmore than enough problems on viscount Secondly the Europeans argue supervised closely by the European distresses the Europeans—the the 51 per cent rise in EEC demand and influx of imports that the U.S. must consider the pean Commission. They are steel industry and they ar Commissioner, said in Brussels. purpose of the steel subsidies only allowed as termination pay- to be eliminated by 1985. interpret Gatt provisions' Other trade officials declare and conditions attached to ments connected with restruct. Thirdly—and this is per- unitaterally.

Officials bitter over to British Steel

BY IAN RODGER

munity comes as no surprise.

nically bankrupt. Since then, the Government has agreed to pump in £880m in ald and write off £3.5bn in capital and loans.

British Steel officials, nevertheless, are bitter that they have been made to look the worst offenders in last year's massive attack by world steelmakers on the U.S. market.

U.S. steel companies to file a raft of complaints against foreign producers on grounds of unfair subsidy and/or dump-ing. British Steel is alleged to be receiving aid worth 40.362 per cent of its U.S. selling prices.

The crux of the U.S. case is that foreign steelmakers, aided by their governments, have been raising exports to the U.S. in order to maintain employment, a process that jeopardises U.S. steelworkers jobs. In effect, the elleged offenders have been exporting unemployment.

British Steel along with the French companies, Sacilor and Usinor, which are alleged to be the next most heavily subsidised at 30 per cent and 20 per cent respectively, dismiss this argument enterprised to the contract contemporary contempora ment categorically.

They claim that their admittedly large subsidies have been directed at cutting capacity substantially and modernising the remaining plants, both of which processes have involved. massive reductions in employ-

British Steel, for example, has eliminated 120,000 jobs since 1975; the French steel industry, 57,000. Over the same period, British Steel's manned capacity has been alashed from 27m tonnes to 14.4m tonnes per year, and French capacity from 33.5m tonnes to 28m tonnes

Buitish Steel and the French

THE singling out of British exports last year were German Steel Corporation by the U.S. and Italian producers. Germany's Commerce Department as the exports rose 55 per cent to 2m most heavily-subsidised steel tonnes and Italy's almost fourproducer in the European Com- fold to 670,000 tonnes.

munity comes as no surprise.

Mr Ian MacGregor, British according to the U.S. Departions to the U.S. Departions on the job two years ago negligible subsidies or none at that the carporation was technologically benefits benefits benefits and Italian producers. allegedly receive aid worth 18 per cent of their U.S. selling

Mr MacGregor said on Friday that British Steel would continue to honour its commitments to its U.S. customers. The U.S. Government requires those accused of unfair subsithe U.S. market.

This attack spurred ailing U.S. steel companies to file a saft of complaints against foreign producers on grounds later in the year or the disputer resolved by negotiation; it has a only to post bonds to cover the amounts involved.

Perhaps more important is that the relatively light burden 11 on the Italians and the Germans 14 means that much of the EEC tonnage that has been moving to the U.S. will continue to do. so and not return to disrupt European markets.

In any event Mr MacGregor 34 said major European producers met last week and agreed to discipline their operations to maintain EEC prices. "Rumours about

weakening are not correct," he said. The renewal by EEC industry ministers of measures to restrict steel production in the Community for another year showed that governments also had the resolve to hold together, he added.

Mr MacGregor was worried that the U.S. attack on subsidies "could escalate into all sorts of nonsense."

EEC negotiators had been trying to set up an orderly manketing arrangement with the
U.S. but he regretted that they
had been aiming for a large,
more at a time when MS tree! quota at a time when U.S. steel companies were operating at less than 50 per cent of capacity. Meanwhile, British Steel has

has forced the corporation to The main contributors to the undertake a review of its plant nearly 2m tonne rise in EEC configuration.

Final decision on youth training expected soon

A DECISION by Mr Norman Tebbit, the Employment Secre-tary, on the final shape of the proposed new Youth Training Scheme is likely this weak or

most difficult conclusion Mr Tebbit has to reach is over the question of whether 16-yearelds who refuse to take part should be denied supplementary benefit. Mr Tebbit originally decided that they should and has strongly and publicly sup-ported the view that benefit should be withdrawn.

The Manpower Sarvices Com-mission (MSC) has. bowever, unanimously told the Government that it believes benefit should still be available. A decision to withdraw henefit require investigation. Young would be seen by trade union people in the training scheme leaders as making the training scheme compulsory, and would ba likely to provoke the with-drawal of TUC co-operation from the entire venture. Also, for 16- to 18-year olds still at employers have shown no school Educationalists fear that, enthusiasm for baving reluctant, otherwise, young people who and possibly disruptive, young people forced into the scheme for purely financial reasons.

organisations have obtain the allowances. urged the Government to drop its proposals to withdraw the right to benefit from those who should not be allowed to pre-

. There is a danger that the supplementary benefit question might be diverting attention from other fundamental areas. such as the issue of whether industry would be able to provide enough work experience and training places of sufficient quality to launch the ambitious schema little more than a year

If Mr Tebbit shows himself prepared to compromise on the benefits question, it could be by proposing either a temporrather than permanent withdrawal of benefit; or by delaying the whole issue for further consideration.

There are other issues which would all receive weekly allowargument in favour of educational maintenance ellowance would benefit from remaining in full-time education would opt for the training scheme to

The MSC is proposing the allowances on scheme should be at least £25 refuse to take part. The Com- per week-compared to, an mons Employment Committee original Government suggestion. has warned that the issue of about £15-and that the scheme should be available to judice the introduction of the all school-leavers, rather than just to the young unemployed.

Threat' to textile talks discounted

REPORTS that Hong Kong was on the point of pulling out of the bilateral talks arising out of the Multi-Fibre Arrangement, on the level of trade in textiles and clothes between the colony and the European Community, were discounted in London at the weekend.

It was claimed that this threat was simply part of the war of nerves between the two sides.

Tha European Commission has been given a mandate by the Council of Ministers to seek a cut of 10 per cent in the level of imports in five tive product areas.

Mr Ian MacArthur, director of the British Textile Confederation, said: "We are in regular contact with Brussels and we know that the Commission's negotiators are determined to achieve satisfactory agreements strictly within the terms of the mandate agreed by the Council of Ministers."

It was always thought that the talks with Hnng Knng would, in the words of one Whitehall official, be "diffiINSURANCE

Life assurance makes modest start to year

Figures from the Life Office-Association show that new annual premiums in the first quarter of this year on individual life and personal pensions ncreased by just 5 per cent on the corresponding quarter for last year to £226m.

Single: premiums did a little better, advancing 14 per cent to

This compares with growth rates in 1981 of 19 per cent for annual premium business and 87 per cent on single premium

The industry is satisfied with these figures. It feels they are holding tast year's growth. It had expected the economic recessing to hit life business in 1981 and was pleasantly surprised when results turned out to be so favourable. This year. the recession is expected to bite · into: new .. business

A more detailed analysis of the first ourrier figures shows variant growth pattern between the different sectors. The personal pension market has continued buoyant. Individual life business has been.

Linked business is still moving abead, afbelt at a much slower pace. Traditional ordinary life business is standing

growth in sales of personal pension contracts—sold mainly to manual employers first, now the self-employed but also appears to be having a real available to employees with a effect on managerial and clericompany pension scheme. New annual premiums rose 23 per ing market has remained cant in the quarter while single sobdued and competition with

The present Government has encouraged the self-employed to provide more towards their pensions by giving them substantial additional tax concessions on contributions. As a result, this pensions business has beemed in the last year. In addition, the first quarter of a calendar year is always good for such business, being the run in to the end of the financial year.

Linked : pensions showed stronger growth, aonual premittms rising 24 per cent to £15.8m, single preminms jumping 70 per cent to £15.1m. Traditional life companies also did well, with annual pre-miums up 21 per cent to £22.2m

and single premiums by 14 per. cent to £48.9m These sales figures indicate many self-employed are not affected severely by the reces-

A completely opposite picture is revealed with life business. Sales of conventional ordinary business were subdued in the

THE UK LIFE assurance The success story for many premiums actually declined by as more industry made a modest start life companies is the steady 2 per cent to 186.8in. companies is The recession, which hit

> cal staff. In addition, the houspremiums improved 24 per cent. unit-linked business is erowine The traditional life companies must be hoping for e repeat of last year, when after similar first quarter drop, business improved strongly to show a 20 per cent overshi growth for 1981.

Traditional single premium business was a bit better, rising 10 per cent in the first quarter.

Industrial life business involving the collection of premiums by agents from the homes of policyholders, has always traditionally served the blue collar market.

Business in 1981, was, mus, modest start has been made to hit by the recession. 1982 with a 3 per cent rise in . The association only publishes much premiums to £55.1m.

Linked life business continued first quarter when new annual proportion likely to rise further company pensions field.

communies enter this field Only one insurance company Phoenix Assurance - has "published its own first ouarter life and pensions business. It

recorded good figures, with one third rise in annual premium business and slightly lower growth in single premiums, these figures include lower growth all life and pensions business ransacted by the company.

Some company chairmen, at their annual general meetings. have indicated steady growth in the first three or four months of this year.

Others have remained silent on the subject—an indication. that the year so far has been

disappointing .
For most traditional life companies these figures are only, half the picture since they do not include company life and pensions business; Many traditional companies get more man half their premium income restricted by the recession with from the company pensions all growth over the year. A sector, which has been badly

company pensions statistics in its annual review which to move shead with new annual appears in the late summer. premiums improving 10 per The forthcoming 1981 review cent to £48.1m and single should show the extent to which premiums rising 14 per cent to company pensions business has £173.6m. Linked life sales now been bit by the recession. It is account for 27.4 per cent of not expected that this year will total new annual premiums—a show much improvement in the

Motorcycle sales down 30% in May

SALES of powered two-wheelers were down by 30 per cent last month, compared with May, 1981, according to the Motor Cycle Association.

Moped sales fell by only 8 per cent, but scooter registra-tions dropped by 39 per cent. and motorcycle sales 35 per ceot.

The figures have been adjusted to take account of the dis-tortion in sales caused in spring last year by the imposition of car tax on powered two-wheelers. Anticipation of the tax changa pulled a great number of sales forward to April, leaving the May total at 6,186. Before adjustment, the 19,089 registrations last month were more than threa

times the total of May, 1981. The association said the recession, and legislative changes to restrict the capacity of machines learners can ride, has hit the industry's hopes of exceeding the 275,000 sales of

"We have to face the fact that; a large, proportion of our customers is in the age group of up to 25, and large numbers are unemployed," it-said.

One minor consolation is that, so far this year, moped sales are slightly shead of those last year.

Guidebook details EEC and UK aids to industry BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE Government spent more for the Study of Public Policy, than £1.5bn last year to provide runs to 455 pages. help to industry in various - regional development grants, small-firm development schemes, research and development assistance, energy-saving schemes, soft loans, and inner-

Despite it all, there was still a large number of concerns unaware of what was available or even, in some cases, that anything at all was available.

sible for the Government to because of cost. Now there is a book to show how extensive the assistance schemes are. Industrial Aids in the UK 1982: A Businessman'a Guide, by Gesa Walker and Kevin Allen, both of the Uni-versity of Strathclyde's Centre

that it was almost impossible for the applicant to keep check on them, and virtually impos-

Mr Alien, the centre's codirector, has tried his hand at

this sort of guide before. Last year, the co-authors not only published the first volume of this guide to British aids but he, with a different colleague, also produced a weighty survey of regional incentives in the EEC countries with Portugal and Sweden. The 1982 edition of Industrial

Such ignorance was partly Aids includes a 72 page section the Government's fault. There was 134 forms of assistance avail-were so many different schemes, able from the European Com-The information categorised has been set out in a standard format; to cover such things as

body, application deadlines.

awarding

eligible expenditure and appli cation procedure. Industrial Aids in the UK, 1982, from the Centra for the Study of Public Policy, University of Strathclyde, Glasgow; £11.95 hardback, £8.95 paperback,

the incentive.

SHIPPING REPORT

Tanker inquiries down as conflicts hit market

week in the Near and Middle East resulted in a low level of inquiries on the tanker market. Reports from brokers indicate that activity in vessels loading out of Kharg Island, which has been relatively active in recent weeks, dropped back considerably last week. Those figures which have been concluded, however, show some slight improvement in rates, reflecting the additional war risk premium for proceeding

to Kharg Island Galbraith Wrightson reports fixture by Exxon as setting the pare in tanker rates last week. Exxon has placed a 450,000 tons VLCC with a cargo of approximately 430,000 tons loading about June 25, Arabian Gulf/West, at Worldscale 131 if the unit proceeds at 10 knots or Worldscale 16 for a 12 knot performance. The deal is toupled with up to 120 days' storage at a rate of \$8,500 per

Elsewhere, tanker activity out of Indonesia and the UK/-Continent, is reported as being little brisker. E. A. Gibson

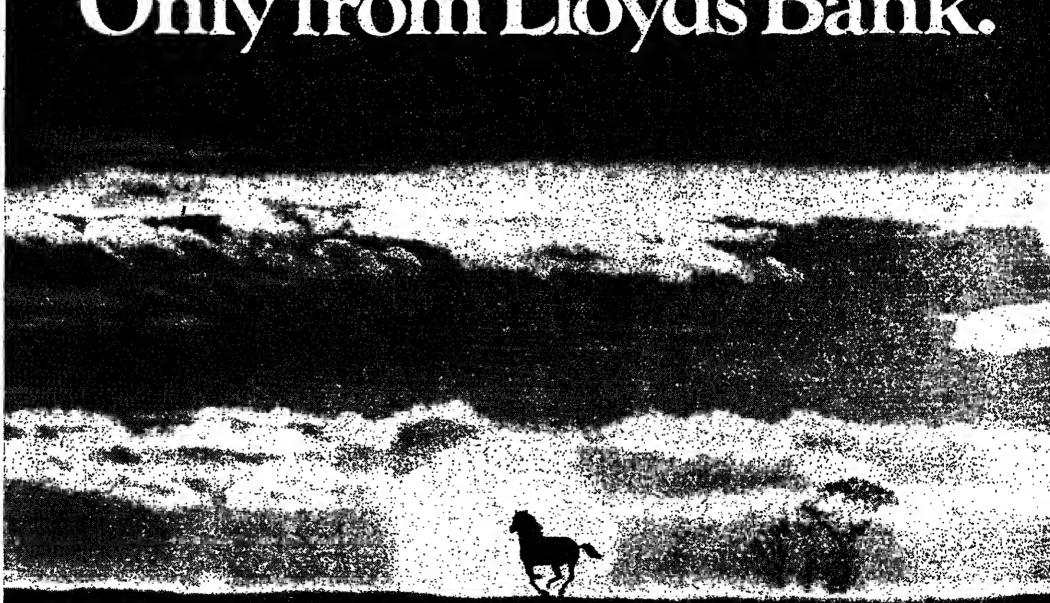
THE MILITARY conflicts last reports a fixture of a 102,000 Worldscale 40, compared to Worldscale 39 for a 69,000 tomer for the same voyage. reflecting a shortage of units in excess of 100,000 tons.

> In the bulk carrier market, Galbraith Wrightson forecasts a continued oversupply of ships for ore/coking coal trades for at least another year and a balf, following a fall in Japanese steel exports by 15 per cent in April over March. Japanese steel production is forecast as likaly to be cut in July/Septem-ber with further falls in

> The brokers predict that there is room for charterers to drive freights several points lower before more owners withdraw ships and the bottom of the recession is reached. The Transatlantic grain rate,

> being quoted at \$8 per ton, and the possibility of further falls, is also predicted to lead inevitably to lay-ups for dry cargo above the February rate, which was the lowest level for several

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World Economic Indicators

	(U.S.\$m)						
	,Mar. 182	Feb. '82	Jan. 182	Mar. '21			
ЭK	71,967	12,291	12,585	18,506			
W. Germany	37,088	36,936	37,461	45,979			
felgium .	2,862	2,967	3,264	4,815			
taly,	13,314	16,509	77,790	16,384			
USA	9,121,	9,276	9,534	11,895			
apari .	23,633	24,480	24,579	23,341			
Jetherlands -	8,055	7,448	7,654	9,656			
	Feb. 22	Jan, 182	Dec '81	Feb. '21			
france	28,502	18,295	19,976	27,424			

The American Express Gold Card. At the sign of the Black Horse



Components supplier to Talbot cuts dependence

HILLS PRECISION, the motor components subsidiary of Talbot, has annouoced details of a £750,000 investment programme to help reduce dependence upon the parent company. The company is seeking expansion by the automotive industry.

Rootes Motors in the 1950s, hecame almost totally dependent on its parent's car and truck assembly operations as ownership passed first to Chrysler and then Talbot, the UK subsidiary of Peugeot of France.

The progressive decline of car assembly from around 5.000 vehicles a week to the present 1,000 inevitably posed problems for Hill's two factories at Birmingham and Coventry. The biggest impact came last year. 1981 with the closure of the Linwood assembly plant, Scotland, producing around 1,500

"That really concentrated minds. We had to go out and As a result, it was no longer report on whether the Reed fight for more work," according on probation and was investing Decorative Products group to Mr David Brookman, who heads up Hills Precision.

The decision was taken to spend £750,000 on new equipment and technology.

There is serious over-capacity and cut-price competition in the products supplied by the company to a depressed car market. Hills makes plastic, zinc and die-casting components, such as fascia panels, window winders

Investment in new technology gave an advantage in price and quality necessary to sustain profitable busicess, Mr Brookit has spent £200,000 on lotro-ducing the scheme, it is being offered free to any companies man said. "We price to make a profit. We have saved jobs but the objective is not to create

closure Hills has held together workforce of around 500, albeit at the cost of some temporary short time working.

He says that of the £12m a year turnover the proportion going to sources other than Talbot has trehled in the past year to £2.5m. "We will double he able to obtain fuel from Swan garages. One fortnightly computerised invoice will be that figure again in the next 12 months. That much is clear from the way orders are coming in

Hills Precision has been established as an autonomous division only fuel, so abuses such as Sizewell in Suffolk will hegin of Talbot with its own managed cigarettes being billed to the formally oo July 26 at The Maltment structure.

Maurice Samuelson reports on how Crown will be staying in business

Reed is sticking to wallpaper

THE WALLPAPER industry has contracted so sharply because of changed tastes in interior decoration that Reed International (owner of Crown, the market leader), recently gave serious consideration to whether or not to leave the

Reed's main board decided to stick to wallpaper in the light of a private report by McKinsey, introducing new products and the international consultancy, breaking into markets outside which analysed the declining global prospects for the industry Hills Precision, acquired by over the next 10 years and suggested how Crown could become profitable again.

The road to recovery, on involved the elimination of Crown's large over-capacity. It took in other measures and

How close Reed came to quitting the industry was disclosed this week by Mr Fred Lewis. Crown's chief executive for the past two years and the man who brought in McKinsey's experts.
He describes Reed's decision a year, instead of 2,000.
to retain Crown as a "water-shed" in his company's fortunes.

The tompany was problem to remain 700 new pattern variations a year, instead of 2,000.

In 1980, when Mr Lewis took over, he was given two years to

which, it claims, could save com-

panies "thousands of pounds" on

Although Swan National says

running a fleet of 15 or more

Swan expects in return to win

increased car rentals business

and extra demand at its 60-strong network of filling

Drivers authorised by com-

panies which take up Swan's

offer of a credit account will

sent covering supplies from all

Drivers will he able to obtain

fuel hills for car fleets.

stations.

other way, it would have been a poignant stab for the entire industry. Crown's head officeand its mill at Darwen, near Blackburn — occupy the site where, io 1840, Charles Potter and his brothers began the first commercial production of wallpaper by running paper through rotary printing machines designed for textiles.

The closure of Crown would have made the industry's birthplace the death-bed of its lead-

ing present day representative.
The only other Crown milonce the one at Bredbury, near which Crown embarked while Stockport is closed down—is that the report was being compiled. at Oldham. Thirty years ago. at Oldham. Thirty years ago, there were 11 Crown mills with 4,000 employees. Now the workforce is down to 1.200. Capacity market assessments which the is also at an all-time low-25m company is keeping to itself. rolls of paper a year, compared to 65m six years ago. Streamlining has left the

company with only one ware-house, instead of one per mill. The company will produce fewer

A petrol rebate scheme of up

to 4p a gallon is also heing offered where companies also

use Swan's rental vehicles, the

precise amount depending on

The main drawback to the

cheme appears to he the rela-

tively thin spread of Swan's

forecourt system throughout the

Sizewell probe

opens in July
THE INQUIRY into the Central

Electricity Generating Board's application to build a pres-

surised water reactor station at

the volume of business.

Swan National offers big

savings' on fleet fuel bills

SWAN NATIONAL Rentals, There is no credit charge surpart of the TSB Group, has charge. Transactions will be devised a monitoring scheme interest free for up to three

Had the decision gone the capacity and to rejuvenate ther way, it would have been management. The last two poignant stab for the entire directives bad been largely implemented by the time the McKinsey report was put to the

Reed main board in March. With a slimmer Crown com-mitted to stay aggressively in business, Mr Lewis says no more closures are contemplated, while the company intends to hold not less than 25 per cent of the £140m-a-year UK market. Its share is 33 per cent, if one adds Crown's output of 10m rolls of Anaglypta and other "white"

As in the 13 other UK manufacturers, he claims four are healthy but some of the others may go out of business. Among Crown's healthiest rivals is Coloroll: After a mere 10 years in the business, it claims to be neck-and neck with Crown as a wallpaper brand leader. (Coloroll recently attracted a £17.9m take-over bid from the Charterhouse

Crown's own decline from 85 per cent of the market 20 years ago, mirrors that of the UK wallpaper market as a whole. Once easily the biggest in the world, the UK market is now

from today to write their own

National Insurance forms,

tinue to be paid after four days

After the first seven days of illness, excluding Sundays, a medical statement must be

If more than four self-certi-

fied claims are made in 12 months the department will

check, and the patient's doctor

be asked to report whether bene-fit should be given.

The British Medical Associa-tion, which bas pressed for self-

certification for years, said the

system would give doctors more

time with patients who needed

under the new system.

fit to continue.

a certificate from a doctor.

Self-written sick notes

sick notes for the first seven insist on employees producing

days of illness instead of getting a certificate signed by a doctor

which the patient fills in himself, will be available from for it.

offices of the Department of Health, doctors' receptionists and hospitals. Benefit will considered to provide it, says the BMA, and may charge a fee for it.

The Labour Research Department, a trade nnion-sponsored organisation, said in a booklet

obtained from a doctor for bene- her with a reply-paid envelope.

medical attention, rather than ment, 78 Blackfriars Road, those who just needed a London, 43p (incl. postage).

in force from today

PEOPLE OFF work will be able signature.

in new equipment and ware should stay in wall-coverings, about the same size as those of house facilities.

He was also asked to cut Crown's France and West Germany—
Had the decision gone the capacity and to rejuvenate about 70m rolls a year are hought in each country. As regards the geographical structure of the UK market,

most wallpaper buyers used to be bouseholders in the indus-trial North of England, but sales there are not markedly diff:erent to those in other parts of the country.
There have also been big

changes in the way wallpaper is distributed. At the beight of Crown's prosperity, most of its sales went through wholesale merchandisers. Now, Mr Lewis says, it is being sold "like a commodity." with 65 per cent of the trade going through multiple chains and what he calls "shed merchios"." calls "shed operations." One thing which has not changed is Britain's prominence

in the global market for wallpaper. The UK industry sells 30 per cent of its production abroad. Crown's main outlets are on the Continent and in Australia and North America, Another constant is the location of the bulk of UK wall paper mills within a 30-mile radius of Darwen-a reminder of the industry's kinship with

Some employers may still

if they are off work. A doctor

is not obliged to provide it, says

organisation, said in a booklet

on self-certification, that it had been told by the department

that anyone too ill to collect a form can telephone the office

for one to be sent to him of

more sick pay than laid down by the National Insurance

Many employers now give

Some will rely on the Health

the department's office.

Department form, passing it on

Others will issue their own

Gnide, Labour Research Depart-

Self-Certification: The LRD

MR JAMES PRIOR, Uster Secretary, yesterday dismissed Commons opposition to the Northern Ireland Bill as not having much breadth.

He said opposition was
restricted to a few backbenchers. The Bill proposes a programme of rolling devo-

His comments follow two

Opponents' tactics appear to have produced a counter-reaction. Some Tory MPs lost two nights' sleep to support the Government. Their mood was expressed in vigorous exchanges at the Tory back-hench 1922 committee on Thursday.

Thatcher's Government.

Senior Ministers will wait until after this week's two sitting before deciding whether to impose a guillo-tine on further discussion of the Bill. This is looking increasingly likely, though Mr Prior said yesterday he hoped this would not be necessary. In an interview on the BBC World this Weekend programme, Mr Prior said he was convinced the bill would



Ulster Bill 'will go through'

lution for the province with local politicisms taking en more responsibilities.

all-night sittings on the com-mittee stage and the prospect of two more this week. About two dozen Tory MPs have joined Ulster Unionists in trying to delay the Bill's

Some MPs criticised the role of Mr Ian Gow, Mrs parliamentary private secretary. He has been accused of being sympa-thetic and encouraging to the rebels, while voting with the

Labour Party would reimpose capital outflow controls? BY PETER REDDELL, POLITICAL EDITOR A LABOUR government would large part of the sums involved reimpose controls on the move- represent the collective and ment overseas of capital from often compulsory savings of the UK. Mr Peter Shore, the men and women at work in Shadow Chancellor, said yester Britain," he added, day. There are signs that the Mr Shore said, at a by-election Coathridge and Airdrie by meeting in Airdrie, that the election, on June 24, will check a standard of capital or cap

Mr Shore said, at a by-election Company of Mr Shore said, at a by-election company on June 24, will check meeting in Airdrie, that the election on June 24, will check scandal of capital outflows. Labour's run of disastrous by explained partly why the UK election results. An Observer is poorer now than it was three NOP poll published yesterday suggests that Labour will take

restricted movement of capital currently deeply divided political and a total free-for-all cally and the Liberals have had little chance to build up an unacceptable is that a very organised campaign. Thatcher plea on arms

years ago."

suggests that Labour will take
However, he said overseas 74 per cent of the voic on a
investment "can often be in the lowish turnout, against 15 per
UK's interest, given the come cent for the Conservatives, with

and given the activities of liberals easily losing their British companies overseas." deposits.

British companies overseas."

Mr Shore laid out the eoo But the constituency is one of namic policies of a future the safest Labour seats in the Labour government. Has said country, with a majority of more there was a great difference than 15,000 in the 1979 election, between an orderly and The Scotish Nationalists are

make a special appeal for dissuration armament agreements covering conventional as well as unclear A major weapons when she addresses the second United Nations special session on disarmament in New York on Wednesday.

plexities of international trade

ess than 24 hours.

She is expected to have talks vith Sr Perez de Cuellar, the UN Secretary-General, for the first time sioce the Falklands'

MRS THATCHER is expected to members of the U.S. Admini

deposits.
But the constituency is one of

A major theme of the UN speech, on which she worked over the weekend, is likely to negotiations not to concentrate The Prime Minister will make but to consider other developments, particularly of conven-

She is likely to urge a flexible approach to disarmament, without undue concentration on isis started. legal language or predetermined She does not intend to meet timetable for negotiation.

Tories name Gower man

THE WELSH Conservative after holding the seaf since Party, anxious not to be caught 1959, from 16,204 votes to 10,841. Trefor Llewellyn as its prospect to 30 per cent.
tive candidate for the constituency at the weekend.

To 30 per cent.
Mr Llewellyn
February 1974

accountant, fought Gower for another Welsh seat, Cardigan. general election in 1979. He

out by an early by-election in votes. He pushed the Conserva-Gower following the death of tive share of the poll up from the MP there, has named Mr . a normally steady 20 per cent Mr Llewellyn contested the

February 1974 general election Mr Llewellyn, a 35-year-old as Conservative candidate for the Conservatives in the last. The Conservative selection leaves only the Social Democrati reduced the Labour majority of among the main parties without Mr. Ifor Davies, the MP for an adopted prospective candi-Gower who died a week ago date.

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UK NEWS = LABOUR

Insurance staff may take action By Brian Groom, Labour Staff

STAFF AT Commercial Union Assurance may take industrial action for the first time over a 7.5 per cent pay offer. Deals in most insurance companies have been between 8 and 10 per cent.

The company invoked its disputes procedure when the leaders of the Commercial Union Group Staff Association recommended rejection in a hallot. The association's 5,600 members rejected the offer overwhelmingly.

Staff negotiators will meet board members today and either side could insist on hinding arbitration if there is no settlement. Leaders of the staff associa-tion have not ruled out indus-trial action, even though this

could breach the procedure. The Association of Scientific Technical and Managerial Staffs (ASTMS), with 75,000 members in the insurance industry, said yesterday it was "very pleased" with results from its pay bargaining so far.

It acknowledged a few poor settlements, but listed 12 deals of 9 per cent or more. Others were about 8.5 per cent.

Mr Peter Kennedy, ASTMS national officer, said negotia-tions began with a new, aggressive mood among employers, who for the first time tried to settle some way below the retail price index. Some began with 7 per cent offers, and it appeared there was an attempt in impose an 8 per cent norm,

There was evidence of politithere was evidence of point-cal pressure, particularly from the Confederation of British Industry, to stop settlements running shead of those in manufacturing and other indus-

The effect of this diminished as the round progressed, and some of the hest settlements were achieved as inflation fell from 12 per cent in January to 9.4 per cent in April.

Higher settlements included: Royal (10.75 per cent). Norwich Union (9), Legal and General (9, plus nther benefits), Prudential office staff (9), Pearl (9.5), Royal London (10-12.2, Living 19, 2016h (10)). plus lump sum), Zurich (10).

ICI unions back 8% deal

TRADE UNIONS representing 37,000 manual workers employed company's latest pay offer, mounting to 8 per cent.

Mr David Werburton, chairman of the signatory unions' committee, said: "In no way does this proposed pay deal

Right-led unions back automatic representation on TUC council

BY JOHN LLOYD, LABOUR EDITOR

UNIONS pushing for change on the General Council of the Trades Union Congress have agreed a common form of representation oo the council which would mean a complete break with the present system

Under a decision of last year's congress, the TUC was required to examine ways of introducing a system which would give auto-matic representation on the council to all unions with more than 100,000 members. The key element in this divisive issue has been the arrangements for the 85 smaller unions.

All the smaller unions were deeply divided on the five options for representations options for representations proposed by the TUC and fell basically into two camps, for and against change.

The pro-change unions are largely on the right, since the "automaticity" principle presently tends to benefit Right-led unions. A significant number have reached a consensus on the fifth option proposed by the TUC—which means electing 11 General Council member from a significant proposed. Council members from a single list, with all the smaller unions voting for each member every

Adoption of this system would mean that the election of members by trade group—the present method—woold disappear. The 23 or 24 large unions would have at least one representative without election, according to a numerical formula. The electoral element would be confined to unions would be confined to unions with less than 100,000 members, but not arranged in groups. The pro-change unions favour

this system for a variety of reasons. One is the need to get as much unity as possible in face of a relentiess onslaught on "automaticity" by unions. largely on the left, who oppose change.

The anti-change unions will not plump for any of the options. They will argue that all the options on offer are undemocratic, because they all assume antomatic placing rather than the present electoral sys-

September and thus reverse last

The options proposed by the TUC include — besides the

favoured single list option—two based on trade groups and two based on groupings by size. One from each of these two pairs is based on the voting for representatives being confined to resentatives being confined to the particular groups, while the other allows for voting by all the unions for the representatives from each group.

The suggested arrangement for trade groups shows fundamental alterations in the timehonoured system, and is a model of how a more rational trade group structure might work.

In place of the present Is groups, the TUC proposes seven: trensport (including railways); engineering and metal trades (including steel); mining, construction producting and woodwerking and struction, ceramics; texules, clothing and footwear: agriculture. food. drink tobacco and distribution; public employees; and printing. professional, scientific, clerical and entertainment.

They believe they can muster a majority behind this argument at the next congress in September and thus research. relatively-rapid shifts in the nature and size of union membership, without frequent and

The miners' solidarity Saturday

Christian Tyler went

clasp hands of old people in

wheelchairs and to pledge their support for the nurses cause.

Scotland—as for their col-

leagues in Yorkshire who gave

un a day's pay recently for

health workers in dispute-the

combination of industrial

workers and nurses is more

arity survives and that trade

For the militant miners of

THE SCOTS mineworkers' gala is held, by tradition, in inclement weather at Holyrood Park, Edinburgh, where the volcanic crags of the peak known as Arthur's Seat glower down on the royal residence abandoned by Queen Victoria in favour of Balmoral Castle in the to Edinburgh for the Scots mineworkers' Gala Day of sports and speech-making to Edinburgh for the

Gala Day is an annual reaffirmation of community spirit and political purpose. It is a day for miners and their families, and a day of competition between pipe bands, brass hands, athletes and hoxers from the scattered pit villages. Also, it is a day when the miners remember their turbulent history and think about the political

This year it was the nurses' claim for more pay that pro-vided the key to a wider political message.

As the miners march Saturday through the centre of the city on their way to the park, they passed the gates of Queensberry House Hospital where red-cloaked nurses were lining the pavement to see them go by. Mr Mick McGahey, the Scottish mincworkers' president. and colleagues at the head of

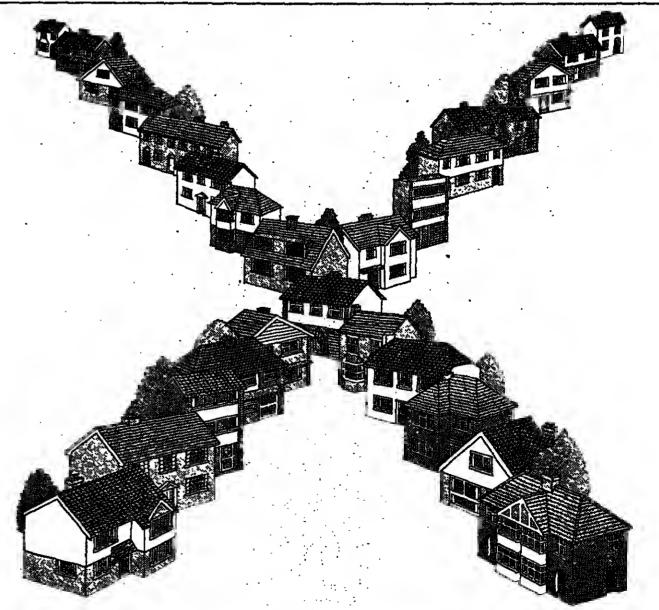
the column stepped aside to

ment Bill was designed in outlaw solidarity, he declared." The miners are setting a magnificent example to the rest of the trade union movement in support of the nurses.

The battle in the South Atlantic provided the other dominant theme for the guest speakers: 31r 31artin Flannery the left-wing Labour MP for Sheffield Hillsborough, Mr Alan Sapper, the chairman of the TUC this year, and Mr Peter Heathfield, secretary of the Derbyshire area of the National Union of Mineworkers.

Another talking point was the elevation last week of Mr Joe Gormiey, former national presiand nurses is more dent of the NUM, to the peer-practical demonstration age. "I always said he would be of the fight for higher wages. It Lard Joe before he was Saint is also meant to show the Joe," was Mr McGahey's only Government that labour solid-comment.

Mr Heathfield questioned working party to suggest that the sword could in future use-



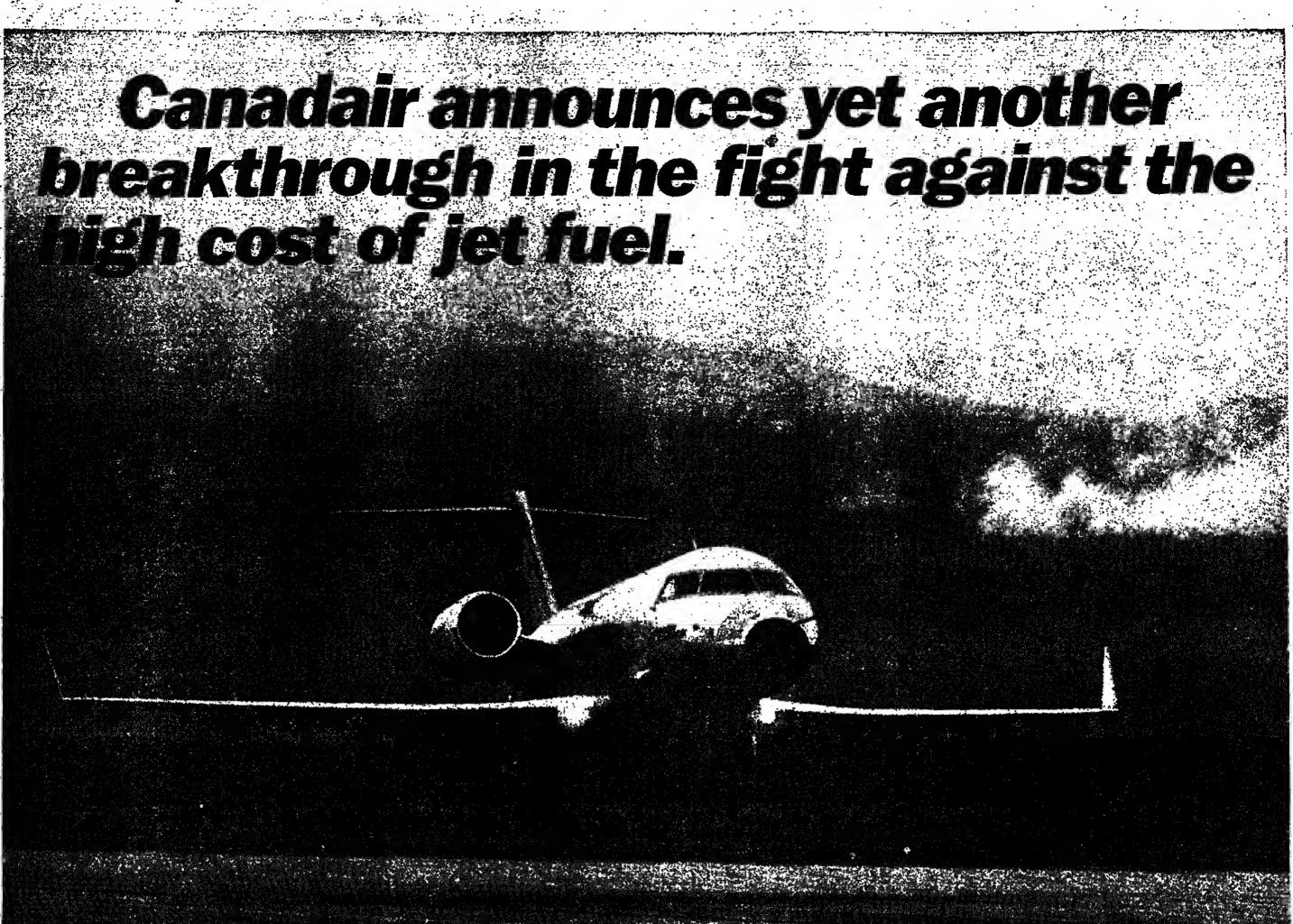
More than 1,000,000 families are buying their own homes with a little Xtra help from the Halifax.



utomar

counci

Satur



April 10, 1982: First flight of the new GE-powered Challenger 601

With the introduction of the Lycoming-powered Challenger 600 in 1976, we began an unabashed campaign to wean executive travelers from the cramped, fuel-guzzling aircraft which, until then, had passed for corporate jets.

We were met with an enthusiasm that stunned even us.

Executives whose responsibilities demanded multi-hour jet travel thirty or forty times a year or more were apparently possessed of a desperate inner longing for an alternative to claustrophobia. And here we were, offering an aircraft both wider and more economical than any other intercontinental corporate jet in the world.

With the result that back orders for the Challenger 600 sprouted like the proverbial beanstalk.

At this writing, more than ten 600s are already in service, and over 25 more are in completion centers. More than 6,000 fleet hours have already been accumulated by these aircraft. And more than 30 Atlantic crossings were made during those hours.

And all this, as of the first flight of a new Challenger on April 10, 1982, is only half the story.

Introducing a second Challenger

to choose from.

Like the Lycoming-powered Challenger 600,
there were those who said the new Challenger 601
would never fly.

It was said, no corporate jet in history had ever combined so much performance with so much fuel economy. It was said, no corporate jet in history had ever combined such performance and economy with such a wide cabin configuration.

All we said was, it will fly in April, 1982, which it has.

All we're saying now is, the General Electric engine will be certified on schedule in mid-1982. The aircraft will begin serving our customers and causing discomfort to our competitors by late 1983, and, like the Challenger 600, fly you more economically and in greater comfort than any other intercontinental corporate jet in the world.

(The fact is, even far smaller jets like the Falcon 50 and the Falcon 20F fail to achieve any meaningful advantage over either Challenger in fuel efficiency. While a Gulfstream III can consume as much as 40% to 60% more than a 600 or 601, depending on trip length.)

Actually, there is one other thing we'd like to say. If you want to find out more about the Challenger family of business jets, the man to speak to is Mr. James B. Taylor, President of Canadair Inc. You can call him at (203) 226-1581, or write him at Canadair Inc., 274 Riverside Avenue, Westport, CT 06880.

In the Mideast business world, TAG Aeronautics Ltd. is the exclusive distributor and representative for Challenger sales and support. For further information, contact Adel A. Oubari, Vice President, TAG Aeronautics Ltd., 14 Rue Charles Bonnet, 1211 Geneva 12, Switzerland. Phone: (022) 46 17 17. Telex: 289 084.

And you might as well know now. The back orders have already started. Canadair challenger

*Challenger 601 data are based on wind turnel tests and continuing flight tests. For performance guarantees, see technical specifications.



U.S. \$15,000,000

United Mizrahi International Investments N.V.

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Particulars of the Notes are available in the Extel Statistical Service and may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 28th June, 1982 from the Brokers to the Issue:

Grieveson, Grant and Co. Windsor House

14th June, 1987

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based

ARI MEETINGS

WEEK'S FINANCIAL DIARY

listration (Cockley) 5.37p liva Discount 1.6p liva Discount 1.6p ling (1977-82) and Credit and Inv Con India Gtdf/ lts:1991 AS376.01 Licester FitgRt 1082 68.1719 licester FitgRt 1082 68.1719

its Ln 23pc

COMPANY MEETINGS

BOARD MEETINGS

DIVIDENO & INTEREST FAYMENTS

3.5pc (Fmly 5pc) 1.75p

SATURDAY JUNE 10 DIVIDEND & INTEREST PAYMENTS-Others of 1884 11-pc Newarthill Bo Scottlish Northern Inv Tst 2,38p

SUNDAY JUNE 20 DIVIDEND & INTEREST PAYMENTSe for Industry 14ccUnsta 1963 7pc

GOLD FIELDS (BERMUDA) LIMITED 1014 % Guaranteed Bonds Due 1985

Dae July 15, 1985

Morgan Guaranty Trust Company of New York, Principal Paying Agent, amounces that Bonds in the principal amount of \$2,000,000 have been purchased for the July 15, 1982 Sinking Fund. \$16,000,000 principal amount will re-main outstanding after July 15, 196%. Dated: June 14, 1982

Week's business in Parliament

Commons: Motion relating to the Industrial Training Board orders. Motion on the Control of Atmospheric Pollution (exempted Premises) (Scotland) Regulations. Lords: Lords Expenses: Ministerial and other salaries, motions for approval. Oil and

Gas (Enterprises) Bill, Report. Select Committee: Home Stlect Committee: Home Affairs: sub-committee on Race Relations and Immigration— Subject: Racial Disadvantage. Witness: Rt. Hon. Timothy Raison, Minister of State, Home Office (Room 15, 10.30 am). Energy — Subject: Combined power. Witness: Professor Cassalls (Room 6. 30 pm) Foreign Affairs-Supply I Class II Witnesses: Estimates (Non-aid votes). External Broadcasting, British Council, Frreign and Common-Office (Room 8, 4.30 wealth Treasury Subject: International Monetary Arrangements. Witnesses: HM Treasury officials (Room 15, 430 pm). Public

16, 4.45 pm). TOMOBROW Commons: Northern Ireland Bill, committee stage,

reading Select Committee: Procedure Subject: Procedure (Finance). Witnesses: Bank of England (Room 15, 4.15 pm).

WEDNESDAY. Commons: Northern Ireland Bill, committee stage Lords: Debate on proceedings of the second special session on disarmament of the United Committees: Scottish Scottish Affairs - Subject: of the Government's public expenditure plans. Wit-nesses: Rt. Hon. George Younger: Secretary of State for officials (Room 6, 10.30 am). Welsh Affairs — Subjects: The impact of the EEC on Wales. Witness: Rt. Hon. Nicholas in Northern Ireland Witness: Northern Ireland Chamber of Commerce (Room 16, 10.45 am). Public Accounts—Subject: Supplies to Houses of Parlie-ment: Trading Fund, Telephone Directories. Witnesses: Clerk Accounts—Subject: Appraisal and Management of major urban capital schemes. Witof the Parliaments; Clerk of the nesses: Crown Estates (Room House; Controller of Her

Lords: Employment Bill, second personal income taxation and support Witnes (Room 15, A.15, pin). Employment Subject: The working of the Health and Sefety ments since the Robers Ren Witnesses: TUC, Royal Soci Installations (Room 8, 430 pm) Committee on Private Bills Authority Bill (Room 9, 4 pm)

Motions on the Clergy Pensions Edwards, Secretary of State for (Amendment) Measure and of Wales (Room 18, 10:30 am) the Pastoral (Amendment) Industry, and Trade—Subject Measure Opposed private build Support for Trade and Industry ness after 7 pm. in Northern Ireland Witness: Lords: Relief from Verfeiture Bill, second reading. Transport

> FRIDAY Fourth Report from the Sel Committee on Social Services session 1980-81 on medical 31 and relevant

Majesty's Stationery Office 31 and relevant (Room 16, 4 pm). Treasury observations, and Civil Service sub-committee Lords: Local -Subject: The structure of Finance (No. 2) Bill Report

ngley Hall, Birmingha

BUSINESSMAN'S DIARY

TIK TRADE FAIRS AND EXHIBITIONS

		TETTOF FYATA
Date	Title	Venue
Current	Self-Service Display Equipment and Shopfitting	to an and a second of the second
	Exhibition—SHOPEX (01-549 1101) (until	· 5-14 · 17 · 17 · 17 · 17 · 17 · 17 · 17 ·
	June 17)	Olympia
June 14-18	Business Efficiency Exhibition (01-405 6233)	Earls Court
June 16-17	EIA Engineering Exhibition (0403 69390)	Brighton Racecours
June 21-24	Royal Highland Show (031-333 2444)	Ingliston Showered
June 21-27	International Food, Wine and Kitchen Exhibition	
0000, 22 20 ,	(06284 2442)	Bingley Hall, Birin
June 23-26	International Fisheries, Processing and Marine	
	Equipment Exhibition—CATCH (0378 77968)	Aberdeen
June 28-July 1	International Floorcovering Exhibition INFEX	
June 200 mg 1	(02432 5537)	Olympia
June 30-July 1	Temperature Measurement and Control Exhibition	
Table booking 1	and Conference—TEMPCON (0322 4671)	Wembley Conferen
July 24	South of England Exhibition of Homes, Food,	The state of the s
	Trades and Leisure (0273 68738)	Brighton Centre
July 6-8	Integrated Energy Exhibition (0272 572 624)	Bristol Exhibition
July 8-11	North London Home Improvement Exhibition	Transfer International
3443 G-11	(01-328 S581)	Alexandra Palace
July 13-15	Environmental Engineering Today International	Assessment a Parace
Duly 10-10	Exhibition and Symposium—SEECO (0763	
	71209)	Wembley Conferen
July 13-16	International Dental - Exhibition - EXPODENT	Memores conteres
Daily 19-10	(01-935 8200)	Olympia
July 18-22	Harrogate Gift Fair (0282 867158)	Exhibition Centre.
- my 10-22	marto Pare cutt x an foron doi mon	temperate centre.
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Current	DITTO ACCENT THAT TO THE BUILDING THE TRIBUTATION ACCENT.	

XHIBITIONS

embley Conference Centre

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ympia shibition Centre, Harrogate DRUPA (01-730 4645) (until Inde 17).
International Agricultural Animal Husbandry and
Horticultural Exhibition and Conference—
ELMIA-LANTBRUK (0732 850457) (until-Jonkoping International Medical Laboratory Exhibition (01-486 8730) (until June 18) International Dairy Equipment Exhibition (01-439 Tune 16-20 Stattgart: International Exhibition of Instruments and Equip-ment for Cardiovascular Treatment and Cardiosurgury—CARDIOLOGY 82 (01-235 2423)
International Port Technology Exhibition
PORTECH (08833 6155)
Videotex Exhibition (09274 28211) Moscow June 22-26 Singapore New York June 29-July 1 ... Temperature and Transducer Conference and
Exhibition — SENSORS AND SYSTEMS:
(02802 5226) Electrical Engineering Fair—ELTEC (01-486 1951) Munich July 7-11 International Audio Visual Exhibition—AUVI
(021-705 6707)

July 21-24 Security Asia Exhibition (0483 38685)

July 31-Aug 3 Exhibition (0483 38685)

Aug 11-15 International Trade Pair for Hotels, Restaurants,
Caterlog and Food—HOTELRES (01-681 7688) Singapore Hong Kong Hamburg Bangkok

	BUSINES	SS AND MANAGEMENT CO
	June 14	Industrial Relations Services (Training): Self- Certification, sick pay and sickness benefit (01-328 4751)
	June 14-15	The Economist: Hong Kong—prospects and oppor- tunities (01-839 7000)
	June 15	FT Conference: The Future of Bank Reporting (01-741 4771)
	June 15	Cyril Aydon Associates; Corporation Tax (Banbury 720124)
	June 17-18	Practising Law Institute: Bank Acquisitions and Takeovers (New York 212 765 5700)
	June 17 June 21-22	City Seminars: Corporate Collapse (01-629 8863) FT Conference: Portugal—a new outlook (01-621
	June 21-22	1355) FT Conference: The Economies of Natural Gas
	June 21-22	Development (01-621 1355) AMR International: Cable casting in Europe—the
	June 22-24	The Laboratory of the Government Chemist: International Conference on Laboratory
	June 23-24	Design and Servicing (01-928 7900) The Aviation Business Centre Energy needs Eviation (01-439 1330)
	June 24	LCCI: Berlin (01-248 4444)
	June 25	ESC: Refused to supply-cramping consumer choice? (057 282 2711)
1	June 28-30	IAEE-BIEE: International energy markets—the changing structure (057 282 2711)
1	July 1	Institute for Fiscal Studies: Developments in
Į	July 5-6	American tax policy (01-828 7545) MSS Computer and Business Consultancy: Management by objectives (Worthing 34755)
	July 8	IPS: Inventory cost and control (0990 23711)

ESC: Sponsorship—New media, new developments, new projects (057282 2711) to attend any of the above events is advised to ensure that there has been no change in the details

Café Royal, W1 Frankfurt Grosvenor House Hotel, W1 Ryl Horseguards Hotel, SW1

Dallas Cumberland Hotel, WI Lisbon

London Press Centre

London, SW1 Grosvenor House, WI Cannon Street, ECA

Bowater Conf. Centre, SW1 Cambridge

Regent Palace Hotel, W1 Kensington Palace Hotel, WB

Selfridge Hotel, W1 telephone the organizers

Financial Times Conferences

BUSINESS REORGANISATION—A BALANCING OF INTERESTS London — 12 & 13 July 1982

London — 12 & 13 July 1982
This important conference, which follows the publication of the Cork Report, takes place in a year when insolvencies have often been in the news and in fact have become a matter of wider public concern. The conference will look at existing lew and practice and at the American system by way of contrast, which has great emphasis on judicial supervision. There will be a review of the Cork Report and the conference will pose the question. Is there a Better Way?

Under the Chairmanship of Lord Benson, Bank of England and Muir Runter, QC, the speakers will include Sir Kenneth Cork, Cork Gully and Co. Mr W. G. Mackey, Ernst and Whinney; Mr S. A. W. Carslake, Barclays Bank plc, Mr R. A. W. Rudd, Rowe Rudd & Co. Ltd.; The Hon Thomas W. Lawless, Bankruptcy Court, Boston; and Mr L. R. Pincott, Stone Platt Industries Ltd.

THE ECONOMICS OF NATURAL GAS DEVELOPMENT Venice — 21 & 22 June 1982

Venice — 21 & 22 June 1982

The Financial Times is pleased to announce that this major international symposium is to be addressed by Mr Mostata Kamal El Ayouty, Deputy Chairman, Exploration and Production, Egyptian General Petroleum Corporation (EGPC), who will complement ir Wijarso, Mr Adrian Lajous Vargas and Dr Tongchat Hongladaromp is the section of the seminar devoted to developing country perspectives. This Venice meeting to be held just after the IGU meeting in Lausanne has drawn expert speakers from Europe, the United States, South East Asia and Latin America. The meeting is attracting senior bankers officials, energy company executives, consultants and top management from the equipment sector. The total number of registrations that can be taken for this highly specific and practical meeting is limited. Some places still remain available and the address for registration is given below.

All enquiries should be addressed to: All enquiries should be addressed to:

The Financial Times Conference Organisation Minster House, Arthur Street, London EC4R 9AX

Telephone: 01-621 1355 Telex: 27347 FT CONFG Cable: FINCONF

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BUILDING AND CIVIL ENGINEERING

Road to Baghdad

national competition for a contract for one of the most im-

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portant projects ever carried out in Baghdad. The £100m scheme is called the Bab al Sheikh (the name literally means the Sheikh's gate) and the Baghdad municipality's proposals for a new road to sever two old quarters of the city posed such difficult problems that a solution was sought by creating the com-

pesition early in 1981.

Arup says if helieves its success in securing one of its largest-ever fees is hecause it best appreciated the problems involved recognised the total interaction of road site, in harmonising the new scheme with the existing environ-

The particular character of the quarter—one of the oldest in Baghdad—will he strength-ened by the resurrection of urban gateways at each end of the street, and a shopping bridge spanning the road which allows pedestrians confact and freedom of movement across the quarter.

Courtyards, fountains, traditional Baghdad bricks, timher screens, and plantations give shade and, says Arup,

COLLABORATION with inter-national funding institutions is

expected to be an active topic at the 1982 annual conference of the International Federation

of Consulting Engineers (FIDIC), which starts its four-

day programme in Singapore

this morning. Britain's Association of Con-

20 per cent of the UK's invisible exports last year and is an active supporter of FIDIC.

Major - General P. J. M.

Pellereau, secretary of ACE,

says that attracting funding agencies like the World Bank

has become one of the most

valuable functions of the con-

Britain's Association of Con-sulting Engineers represents a profession which accounted for be commercially viable, or sub-

work in conjunction with air conditioning, modern services and other facilities to create an attractive environment.

There will be schools, clinics, nurseries, shops, restaurants, swimming pools and cinemas, and the residential area will comprise about 350 housing units. The road itself is 700

metres long—the equivalent length of Regent Street between Oxford Circus and Piccadily and will be wholly landscaped from start to finish. The total area of buildings

is 130,000 square metres, of which nearly balf is being executed by Carlfried Mutschler and Partner, architects of Manheim, second prize win-ner in the eriginal competi-

Arup Associates International says the provision of an urban redevelopment of this scale in a strange cultural environment required a maximum effort on the part of its the work had to be produced in a very short time-only seven months were allowed for design and subsequent DEBORAH PICKERING

Wooing the world Bank

in the early selection of project

participants; whether the funds.

haven quota system in the allo-

cation of money; whether selec-

tion should be made by the

On the latter point, says General Pellereau, the World

recent years, whereas some

Arab funds and the European

Development Fund have been

Questions which the institu-tions will put forward or answer, he says, will include just how much price is a factor and what a professional associa-

Bank has become very tough in country members, says General

A fair amount of this year's collaboratioo, rather than dis-FIDIC forum boils down to a sent.

tion is there to do.

In context, this is under-standable, FIDIC was formed

in 1913 and now has a member-

ship of over 30 national associa-

tions. But in the past six years

it has seen an annual rise in membership of three or four countries, with another three up for election in 1982.

The number of developing

great as undeveloped. FIDIC is

trying to make sure that the North/South relationship breeds

Fighting the North Sea

people of Zeeland, the Dutch province to the south west of Rotterdam, were confronted by a nightmare. The North Sea rose in a vast, black swell hurst through the fragile dikes along the deeply indented coast and surged across 150,000 hectares of man-made land.

More than 1,800 people died, livestock was drowned, homea were swept away and the economy of an already deprived region was set back for a generation.

. It had happened before. For centuries the Dutch of the western seaboard have lived in daily competition with the sea. But this cruel setback to Zeeland5s post-war recovery was seen as a disaster that should not be permitted to happen

A series, of dams was . conceived, together with secondary dikes, and despite several major elterations to the plan, work has gone ahead steadily since the first piles were driven in 1958. The delta project is oneof the biggest construction developments in history and one of hie most ambitious. It sims at nothing less than total control of a sequence of four large

of the coastline of the Netherlands by 700 km Simultaneously it aceks to protect the region's entire natural eco-system and to preserve Zeeland's delicate

A hiccough in the otherwise smooth progress of construction came last week, bowever, when it was disclosed in answers to questions from two Christian Democrat MPs that the bill for the final, most extensive section, the barrier across the eastern scheldt estuary, had already risen to F1 42bn and that the final reckoning could reach morfe than F1 7bn. In 1973, before the orld oil orisis, it was to have cost F1 3bn. The

around the world. Voices have heen raised in protest. What has been called the greatest project of the century was labelled "the greatest blunder," and the national court of anditors was instructed by the Government to prepare a report on how the

pattern is one not unfamiliar to major construction projects

But while there are those who, in times of recession, are ready to question the value of the eastern Scheldt barrier, the country as a whole is deeply committed to it. No Government could survive its abandonment. and the main point of the but when the tide rises, the

a plea for improved inflation accounting. .

Zeeland in 1982 is still a remote part of the Netherlands. with the sea and largely dependent on agriculture. The delta project should be an enormous boost to its security and its economy, opening it up to further development and linging it more firmly to Holland's intricate motorway system.

Originally, the project was to have been completed by 1978,

but public nutery over damage the proposed "solid" dam across the eastern scheldt would have caused to the environment brought about a farreaching change of plan and a new deadline, 1985. Now, a barrier is being constructed which will close the estuary only when storms threaten. Work on the new, variable barrier began in 1976.

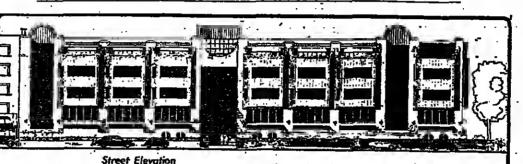
The result, in three years' time, will be 3,200 metres long consisting of 63 sluise gates between piers. In normal sea conditions, the barrier will remain open and the bulk of the development will lie beneath the surface of the water It will be perceived from the shore mainly as a motorway on stiks,

ON FEBRUARY 1, 1953, the sea inlets and the shortening auditor's report is likely to be massive gates will rise and hold back and threatened advance on the land.

The height of the gates varies from 5.9 metres near the shore old fashioned in its ways, at war to 11.9 metres in deeper water. and they are operated by machinery designed to function in the most extreme foreseeable conditions. The control centre will include a hydrological and meteorological information system, fault monitoring system, fault monitoring devices and a computer to help decide when and in what formation the gates should be closed. The piers between the gates each weigh 25,000 tonnes. They are wedged shaped and some 50 metres in height.

By maintaining the familiar rhythms of seas and shore, the Dutch have ensured that fishing, tourism and wildlife in Zeeland will not be destroyed. The effect will be achieved at great cost but the expenditure considered well worthwhile most citizens The majority of tax-payers, it seems, are willing to shoulder the immense burden, appreciating that not only will the people and way of life of Zeeland be safe but the reputation of Holland'a hydraulic engineers will be secured for another 100 years.

WALTER ELLIS



Cubitts London (the wholly owned subsidiary of Tarmac Construction) has won the £2m commission to build the French Embassy's college, to be known as the "Lycee Francais," in Sonth Kensington. The five-storey building has been designed to harmonise with existing surroundings combining outstanding external hrick characteristics with carefully arranged paved areas. Link bridges provide means of access and egress, and highlighting the grounds will be a bandstand. Classrooms are linked to ancillary rooms with a lift service to all floors, and the contract also includes mechanical and electrical fire protection and security systems, R. Vardi, Architect DESA from Paris in consultation with Pollard, Thomas Edwards and Associates, and designed the project, and Ove Arup and Pariners are the commissioned consulting engineers and quantity surveyors.

New cost control guidelines

more munificent."

NEW GUIDELINES for more effective control in local govern- Institute of Public Finance severely critical of hie cost conment building contracts have (CIPFA); The Royal Institution trol procedures of a number of ment building contracts have

been published. Entitled "The Control of Building Projects — the role of tects of Local Authorities were the absence of regular professional officers in local (SCALA).

The report was prepared in substantial undetected errors in government" — the 26 - page The report was prepared in substantial undetected errors in guide has been prepared by a the light of the Maynard Report, finctnation claims and variations working party made up from published in July 1980 by the in contract specifications unsupthree professional organisations. Advisory Committee on Local ported by variation orders.

of Chartered Surveyors (RICS) local authorities. and The Society of Chief Archi-

They are the Chartered Government Audit which was

Among the errors cited then

What's new in building

Teal Claddings says it has values, to suit a particular cement,

A number' insulation Teal Claddings says it has A number of insulation the first lightweight insulated values from 0.6W/M²/°C to aluminium composite panel to 0.25W/M²/°C is possible debe available with an option of pending on which of the threecore material to give the core materials—extruded poly-specifier a range of insulation styrene. polystyrene/resin/ polystyrene/resin/ polyurethane - is

The new cladding is called Alucopan and comes in 16 standard stove lacquered colours in panel sizes up to a maximum of 600mm high hy 1,500mm wide and in thicknesses according to the type of core material from 30mm to 80mm.

UK CONTRACT

THREE MAJOR design and build csontracts with a total con-tract value exceeding £6.3m have been secured by SHEP-HERD BUILDING SERVICE. Two contracts, for Redland Roof Tiles and Trusthouse Forte Hotels, have been won by the company's Midland and Southern Region, while the third, for War-rington Borough Council goes to the Deeds and North West Re-gion. Work on all three sites has commenced.

The project for Redland is worth more than £2.7m and is for a new factory, including ancilliary buildings and external works, at Sooth Cerney, near Cirencester.

The Northampton area office will carry out the contract for the 122 bedroom Post House Hotel, and associated works, at Histon, Cambridge, for Trust-house Forte Hotels; This project has a contract value of over £2m. Shepberd's Manchester area office, in conjunction with the

Borough Surveyor's department of Warrington Borough Council, will complete the £11m contract for Fordton Leisure Centre in the autumn of 1983. With a name selected by the winner of a school children's competition, the Centre will incorporate a swimming poll, sports hall, sauna and solarium, and will be redeveloped from the former Longford County Primary School. Mechanical and Engineering Services work will be carried out in conjunction with consultants, R. W. Gregory and Partners, of Liverpool.

New contracts worth £4.3m have been awarded to subsidiary companies of LONDON AND NORTHERN GROUP based in

In the South - West, Alfred Robinson (Builders and Con-

construction

Tailored space for businesses

SOLIHULL-READING it has a sponsored housing scheme in conjunction with the West Wiltshire District Council involving contsruction of 48 low

cost houses on land owned by the Housing Department.
Contracts worth £1.3m bave been won by Border Engineering Contractors. House modernisa-tion worth £667,000 will be undertaken for Roxburgh District Council at Jedburgh, Hawick and Ancrum and a £358,000 contract has been awarded by the Northern Housing Associa-tion for 16 houses at Coniston in the Lake District, Border will also do work at Whitebaven Grammar School for Cumbria County Council for £86,000 and its subsidary, William Huddles ston and Sons of Morecambe; has a £150,000 contract to centralise the bus depots for the City of Lancaster.

FOLLOWING ITS award for phases 1 and 2 of the Wavin Plastics' complex on Parsonage Industrial Estate; Chippenham, Wiltsbire, WIMPEY has now won the third phase, valued at £1.4m. This covers the con-struction of a single-storey, steelframed factory with a two-storey admin block on short-bore piles. due for completion in February,

NORTHERN GROUP based in AWARDS FOR TURRIFF in-South West and North West clude the building of a home for the elderly in Clackmannanshire from the Central Regional Council Scotland, and improvetractors) has two housing con-tracts worth £3m in Avon and Chilton, Co. Durbam, for Sdg-West Wiltshire. At Trowbridge field District Council.

UK CONTRACTS OVERSEAS

Sibenik, Yugoslavia, against strong competition from France, Germany and Japan.

The deal covers design, supply, erection and commissioning of the plant which is due to commence full operation in 1985. Equipment to be supplied includes a strip caster and asso-

ciated furnaces, cold rolling mill, two foil finishing mills, tension level line, cut-to-length line, five foil annealing furnaces and several conversion lines for aluminium foil. Part of the Aluminium

Industry of Croatia, TLM Sib-enik now produces 35,000 tons of rolled products a year, but the new plant will increase the production of rolled products by 17,000 tons, including 6,000 tons

THERE PROSESSEDN (a Davy-AN ASSOCIATE company of McKee company) has won a raylor woodrow, Team-f25m order for an aluminium work Malaysia Sdn.Bhd, has semi-fabricating plant at TLM secured a second contract to extend part of the passenger facilities as Subang International Airport, Kuala Kumpnr.

> This latest joh is worth £9m (38m Maiaysian dollars) and covers the design and construction of an extension to an existing passenger transfer corridor. It bas been awarded by the Malaysian Government and brings the total value of work being undertaken by the conpany at Subang Airport to £22m.

The building will be constructed on bored pile founda-tions and will be a fully airconditioned, two - storey, reinforced concrete structure, 2,000 ft long, complete with all associated mechanical and electrical

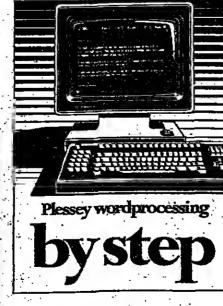
at BEE

Stand 222 at Office Automation



Take the office of the future with a pinch of caution. Approach it the Plessey IBIS way-step by step.

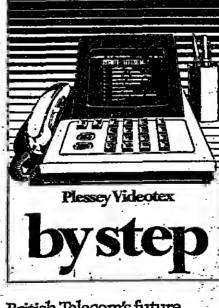
Plessey IBIS is the integrated business information system that lets you keep your future network options open. have full interworking with



So one logical starting point is the Plessey PDX— Britain's number one private digital business telephone exchange.

If—like more than 390 establishments in Britain and abroad-you have a Plessey PDX, you can use its existing telephone wiring for your own data network as well as for voice.

And you'll be able to



British Telecom's future digital X-STREAM network services.

Of course, you could also start with a much smaller communications investment -a single Plessey IBIS workstation, to use at first principally for word processing.

As soon as you've proved its efficiency, add a few more and Plessey will interconnect them

Next step, Plessey will expand them-and their facilities-into a complete system that can provide your whole. office with telex gateway, desktop computing, main computer access, electronic



mail, viewdata.... But, you say, does view-

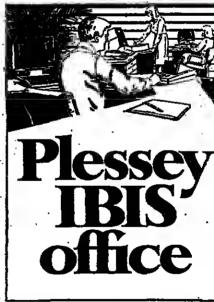
data mean just access to Prestel, or does it mean my own private business system? Both, is the Plessey

answer

Because Plessey IBIS Videotex uses the Plessey Vutel as its terminal—the first Prestel terminal to incorporate telephone handset and electronics into a single, compact device not much bigger than an ordinary phone.

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already have? Well, Plessey can integrate it—with a Plessey IBIS Dataplug that's as simple to instal as a phone.

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Enter your future office step by step-the Plessey IBIS way. Just contact us now. Plessey Office Systems Ltd Sales and Distribution: Plessey Communication Systems Limited, Beeston Nottingham, United Kingdom NG9 1LA. Tel: Nottingham (0602) 254822 ext. 3846. Telex: 37201

Plessey VITEL is not associated with VIEWTEL 202, a Prestel Information Service provided by the Birmingham Post and Mall Limited.



THE WEEK IN THE COURTS

Extent of the power to arrest

BARELY two years before versation about the Town 1984, Eberty has become some Police Clauses Act 1847. But statues and restricted by statutes. Intoxicated by their zealous worship of the demagogic shabboleth of law and order, our legislators and powers and police convenience civil libertles.

also in the controversial realm of the relations between the police and the community.

More than half a year later, at the Cardiff Magistrates Court on Joly 8 1980, she was convicted of sssaulting the three officers who took part in her arrest, but was acquirted of the alleged offence, for which she had been arrested, of using obscene language in a

Lords to two.

The legislation under review breakfast tables bum with con-

RACING

BY DOMINIC WIGAN

thing to be commemorated in the alleged offence for which she was originally arrested contravened the provisions of sec-

This section contains in 28 or so paragraphs a code of administrators tend to let police street misconduct thought then and ever since to be appropriate for police intervention and control through a power of immediate arrest without warrant.

The range of reprehensible activity to be found in those paragraphs is truly amazing: every person who places . . footway"; "every person who places any line . . . across any The events which gave rise street": "every person who to it were humdrum. In the flies any kite": "every person who beats or shakes any carpet, rug or mat (except door-mats, beaten or shaken before the hour of eight in the morning),"

To be eligible for immediate arrest, the miscreant must comleagues came to help him. mit one or other of the forbid-Eventually, she was put in a den varieties of heinous misconduct "in any street, to the obstruction, annoyance, danger of the residents or pas-Furthermore, a police officer

is entitled to arrest only those persons who commit any of those offences "within his

The point of law which the street "to the annoyance of Hoose of Lords decided was whether the extent of a con-The woman appealed against stable's power of arrest under the conviction to the Queen's section 28 of the Act was con-Bench Divisional Court, but on fined to cases "where the February 3 1981 her appeal was offence has in fact been committed" or whether the power extended to cases "where a constable honestly helieves an on May 26 1982 her appeal to offence to have been committed the House of Lords was rejected within his view on reasonable grounds derived wholly from his own observation."

> The relevant words of the section, as amended, are: "Any constable shall take into custody, without warrant, and

forthwith convey before a jus- within his" (the constable's) tice, any person who within his commits any such

offence." No words in the section explicitly and specifically authorise any arrest on reasonable belief or reasonable sus-

This seems a striking contrast with the provisions of sec-tion 2 of the Criminal Law Act. 1967. For example, subsection of that section states that "any person may arrest withont warrant anyone who is, or whom he, with reasonable cause, suspects to he, in the act of committing an arrestable offence."

Lord Elwyn-Jones, in his speech in the House of Lords, came to the conclusion that a constable's power of arrest without warrant under section 28 of the Town Police Clauses Act 1847 was confined to cases where the offence was in fact committed in his view, except for cases where the constable honestly believed that, in the interests of public safety or where danger to life or limb or was threatened, property prompt action was called for.

Lord Lowry, the other dissenting Law Lord, relied on four principles of statutory in-terpretation. Words should, where possible, be construed in their ordinary natural meaning. Additional words ought not to be read into a statute unless required to make the provision intelligible. A provision containing a power or duty of arrest, particularly without a war-rant, should be construed in favour of liberty of the subject. A statute should be interpreted as making the least change in the law which is consistent with its meaning.

constable's power of arrest without warrant under section 28 was confined to "cases where the offence has been committed

mount Mr Fluorocarbon in Tues-

The Coventry Stakes is

another race in which I expect

Eddery to finish in front of

Piggott-and the rest of the

field for that matter. Eddery

speedy Horage, whom he recently rode to a facile suc-

cess at Haydock. Concorde Hero

Stakes.

partners

The majority's opinion and

decision were expressed in Lord Bridge's speech. He said that "powers of alrest in flagrante delicto" remained "of practical importance." The law should be clear and certain. Police officers charged with "the difficult task of maintaining law and order" should be able to receive in their training "clear and confident instructions as to the circumstances in which they may, and those in which they may not, lawfully arrest without warraut persons whom they find, to all appearances, engaged in the commission of a criminal offence."

He also said that "if a power of arrest in flagrante delicto is to be effective at all, the person who exercises it needs protec-tion; protection not only against liability to pay damages in tort, but, perhaps more im-portant ... against violent resistance to the reasonable force which a person exercising a lawful power of arrest is titled to use in order to effect and maintain his arrest."

The majority of the Law Lords ruled that the power of arrest under section 28 of the Town Police Clauses Act, 1847, extended to "cases where a constabla honestly helieves an offence to have been committed within his view on reasonable grounds derived wholly from his own observation."

Cardiff magistrates decided that the arresting officer honestly and reasonably believed that the woman he arrested was a person who within his view obscene language in the street to the annoyance of passengers. Consequently, her arrest was lawful,

His conclusion was that 2. Despondent libertarians may wonder whether to shake their mats or beat their breasts.

Coventry stakes. The Warren ing on an explosive note on Place juvenile was easy winner Belted Earl, who faces Piggott's of Kempton's Manor Stakes in which he justified odds of 5-1 on by cantering to success over day's opening Queen Anne Telephone Numbers.

> NOTTINGHAM 2.30-Bid Again*** 3.30-Northorpe 5.00—Scharade WINDSOR

6.45-Mac's Palace 7.35-Prince of Princes 8.05-Dame de Fer** 9.05 Sabre Dance

TELEVISION BBC 1

Chris Dunkley: Tonight's Choice

Ingenuity is going to be necessary for a while among those. of us having little enthusiasm for either soccer or mediocre-middle-aged movies since these have been selected in largequantities by our television supplies to fill the early weeks of summer. Of course if you do share those enthusiasms you are in clover. BBC 1 kicks off with 12 hours of World Cup Grandstand touight with Russia playing Brazil; BBC 2 runs Take Me High, a hizarre sounding 1973 Cliff Richard movie against it; with the pop star playing a banker who introduced hamburgers to Birmingham (really); and ITV weighs in with Live And Let Die, also 1973 and the first of the James Bond films to star Roger Moore instead of Sean Connery. He chases a black master eriminal and becomes involved in voodoo.

Radio has rather more demanding and rewarding schedules. Radio 3 offers 30 minutes of Buxtehude in Music for Organ, followed by a relay of a Requiem Mass including 16th century plainsong from St Etheldreda's Church, Hulborn, on the anniversary of the death of Orlando Lassus in 1594; and then the Hungarian Dances Nos. 14 in Brahms.

BBC 2

6.40-7.55 am Open University. 10.30 Play School. 19.55-1.05 pm Cricket: First Test India v England.

1.35 Cricket: First Test. 6.20 Charlie Brown. IL30 The Computer Pro-

6.45 A Moment to Talk 7.00 News Summary

7.05 Museum of the Year. 7.30 " Take Me High." 9.00 Hitch-Hiker's Guide to the Galaxy.

9.35 Human Brain. 10.25 Grand Prix. 10.55 Newsnight 11.40 Cricket: First Test

LONDON

9.36 am Schools Programme 1240 Cockleshell Bay. 12.10 pm.
Rainbow. 12.20 Supersavers 130.
News, plus FT Index. 123.
Thames News, with Robin Houston, 1.30 "That's Entertainment II." 3.45 World Tap 52. Taly y. Poland.

6.15 News

6.30 Thames .. News 7.00 The Exprise Factor.

7-30 Coronation Street. 8.00 The James Bond Film Roger Moore and Jane Seymour in "Live and Let

10.15 News . 11.00 World in Action:

11.30 World Cup 82: Brian Moore introduces the day's highlights from Spain, as the action starts in Scot-

land's group with the Russia v Brazil game in Seville 12.10 am Crying Out Louid: The last of Thames special late night talk-in pro-grammes for the family.

12.46 Close: "Sit up and Listen" with Hugh Dykes.

+ Indicates programme in black and white

All IBA Regions as London except at the following times:

GRAMPIAN

1.20 pm Anglia News. 6.30 About Anglia. 12.10 sm Preview. 12.40 Four into One.

6.40-7.55 am Open University

(Ultra High Frequency only). 9.35 For Schools, Colleges. 10.00

You and Me. 10-15-12.05 pm For

Schools, Colleges. 1.00 News After Noon 1.30-1.45 Pigeon

Street. 2.01-3.00 For Schools,

Colleges 2.15 Your Songs of

Praise Choice 3.35 Regional

News for England (except

London), 3.55 Play School,

4.20 Cheggers Plays Pop. 4.45

The Space Sentinels. 5.05 John

Craven's Newsround, 5.10 Blue

7.39 World Cup Grandstand:

10.20 Comedy Classics: Steptoe

6.00 Regional magazines.

Brazil v USSR.

6.25 Nationwide.

6.55 Bugs Bunny.

and Son.

11.28 News Headlines.

10.50 The World of Golf.

7.05 Triangle.

9.55 News.

BORDER

ANGLIA

CENTRAL : 1.20 pm Central News. 6.30 Central sws. 12.10 am Central News. 12.16 ome Close presented by Cindy Kent.

CHANNEL

1.20 pm Chancel Lunchtime News, What's On Where and Westher, 6.30

Channel Report: 10.58 Channel Late News. 12.10 am Aujourd bui en France. 12.15 Superatur Profile. 12.40 News and Weather in Franch.

0.25 am First Thing. 1.20 North News. 6.30 North Tonight. 12.10 am Sepember Profile. 12.40 North Heed-

GRANADA

1.20 pm Granade Reports. 6.30 ranade Reports. 12.10 am Polico

HTV

1.20 pm HTV News. 6.30 HTV News. 10.58 HTV News. 12.10 am Video HTV Cymru/Wales ... As HTV . West

except:—12.00-12.10 am Decw Mam Yn Dwad. 6,30 Y Dydd. 845-7.00 Raport Weles. 11.00-11.30 Yr Wythnos. 12.10 am-12.40 World in Action (As HTV Mest et 10,45 pm).

SCOTTISH

TSW

12.27 pm Gos Honeybun's Magic Birthdaya. 1.20 pm TSW Nows Heed-lines. 6.30 Today South West. 11.00 TSW Lete News. 72.10 am Postscript. 12.15 am Saperatar Profile. 12.40 Bouth

Coast 12.10 am Barney Miller. 12.40

TYNE TEES

0.20 am The Good Word: 8.25 North-East Naws. 1.20 pm North-Rait News-and Locksround. 8.30 Northern I.R. 13.00 North East News. 12.30 am The

ULSTER 1.20 pm Lunchtime. 3.43 Illiter News! S.

YORKSHIRE

TVS 1.20 pm Calander News. 8.30 Cala der (Ensley Moor God Balmont editions 1.20 pm TVS News. 6.30 Coast to 12.10 am Late Night Drama

News. 10.02 Money Box -10.30 Delly

(a) Stereo broadcast RADIO (when broadcast on vhf)

RADIO 1 am As Radio 2: 7.00 Mike

Read. S.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 per Steve Wright (a). 4.30 Peter Powell. 7.00 Stayin' Alive. 8.00 Ravid Jensen. 10.00-12.00 Mark

S.55 am Westher. 7.00 News. 7.05
Morning Concert (e). 8.00 News. 8.05
Moreing Concert (continued). 8.00
News. 9.05 This Week's Coreposer.
Stravinsky (s). 10.00 Chicago Symptony Orchestra (e). 10.55 Yitkin Seow pieno recital (a). 11.45 Mozart and Srehms concert (s). 1.00 pm News. 1.05 BBC Lunchtime Concert (s). 2.00
Metinee- Musicals (e). 3.00 Melnily for Pleasum (e). 4.55 News. 5.00 Melnily for Pleasum (e). 6.30 Music for Organ (e). 7.00 Requiem Mess frore St Etheldrede's Charch, Holborn, on the anniversary of the death of Orlando 15.00 ant Stave Jones (s). 7.30 Terry Wogen (e). 19.00 Jimmy Young (a). 12.00 Gloria Hunniford (e). 2.00 pm Ed Stewert (s). 4.00 David Hamilton (e). 5.45 News, Sport. 5.00 John Oonn (a). 8.00 Folk on 2 (a). 9.00 Humphrey Lyttelton (e) with the Best of Jazz. 9.50 Sports Desk. 10.00 Fenny You Should Ask with Peter Jones: 10.30 Star Sound with Nick Jackson. 11.00 Stren Metthew. 1.00

RADIO 3

S.55 am Westher.

Am Encose (s). 2.00-5.00 You and the Lassus in 1584 (a). 8.15 Brahms (a).

8.39 Purcell at the Playhouse (a). 9.20
BBC Symphony Orchestra concert, part 1: Alexander Knellet (a). 10.05 Sia from South Kensington by Colin McLaren.

10.10 Concert Part 2: Stravinsky (a).
10.45 Jazz in Sritalo (a). 11.15-11.18

Mediure Wave ea virif except: 10.55-am-6.30 pm Cricket: First Test, England v India:

6.00 am News Briefing. 8.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today. 8.36 The Week on 4. 8.43 Miles Kregton with recordings from the BBC Sound Archives. 8.57 Westher, travel. 9.00 News. 8.05 Start the Week with Hickerd Baker (5). 70.00

Service. 10.45 Morning Story. 11.00 News. 11.03 Down Your Way visite Bola, Scotland. : 11:48 Postry Please, 12.00 News. 12.02 pen You and Yours. 12.27 The Oay Job. .- 12.55 W travel, programme news. 1.00 The Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. Afternoon Theatre (s). 4.30 History Reflected. 4.40 Stary Time. 5.00 Per-Neura Magazine. 5.80 Shipping Fore-cast. 5.85 Weather, programme neer. S.00 News, including financial 6.30 The News Quiz (e): 7.00 News. 7.05 The Archere. 7.20 Start the Week with Richard Baker (s): 8.00 The Mondey Play (s): 9.30 Keleidoacope. 9.59.
Westher: 10.00 The World Tonight.
10.30 Science New. 71.00 A Book Set
Bedtime. 11.15 The Figencial World
Tonight. 11.30 Fodey in Padlement.
12.00 News.

CONTRACTS & TENDERS

ALGERIAN POPULAR DEMOCRATIC REPUBLIC MINISTRY FOR EDUCATION AND SCIENTIFIC RESEARCH

DIRECTORATE FOR UNIVERSITY INFRASTRUCTURE AND EQUIPMENT SUB-DIRECTORATE FOR PURCHASING AND CONTRACTS Notification of International Call for Tender No. 18/82 "SDMC"

A notification of International Call for Tender has been issued with respect to the supply and installation of miscellaneous equipment in the following lots:

Lot No. 1—Kitchen Equipment—Refrigeration—Laundry

(Wash) Room Lot No. 2 — Laboratory Equipment (Photographic) Lot No. 3 — Miscellaneous Equipment (Barber's Shop) intended for the No. 1 Hall of Residence of the University of

Specifications may be obtained from the head office of the Miristry for Education and Scientific Research — Directorate for University Infrastructure and Equipment — 1, Rue Bachir ATTAR — Place dn 1er Mai (ALGIERS). Tenders, accompanied by the prescribed documents, should he

allow the tenderer to be identified and should bear, in addition to the address of the Ministry for Education and Scientific Research, the mention "A.O.I. No. 18/82 "SDMC " Fourniture et Equipement de Divers Matériel de la Cité Universitaire No. 1 da Blida, soumission ne pas onvrir" (A.O.I. No. 18/82

In accordance with circular No. 221 DG-CI-DMP of 4.5.81 from the Ministry of Commerce, the tenders abould of necessity ha accompanied by the following documents:

(b) Fiscal position in Algeria and in the country where

(d) Balance sheets for the previous two (2) years.

(e) Declaration that the company will not have recourse to Third Paries, in accordance with article 12 of Law No. 78/92 of 11 February 1978, relating to State Monopoly on Foreign Commerce.

(f) Distribution of Share Capital in the case of the tenderer being a Joint Stock Company.

The final date for receipt of tenders is fixed at 60 days from the date of appearance of this notice in the national Press.

Tenderers shall remain bound by their offers for a period of 120 days with effect from the closing date of this notice. Your attention is drawn to the fact that this notification excludes amalgamations, representatives of firms, ageots and other intermediaries, whose intervention is prohibited by Law No. 78/02 of 11 February 1978 relating to State Monopoly

COMPANY NOTICES

the exceptionally

CREDIT LYONNAIS

in the Liste des Banques Registered Office: 18 rue de la République 69002 LYONS Head Office and Managemeot: 19 boulevard des Italiens

75002 PARIS Trade register: Lyons B 954 509 741 SIRET 954 509 741 000 11 APE 8902

SECOND NOTICE
TO HOLDERS OF USD 10,000
FLOATING RATE NOTES DUE 1988

NOTICE IS HEREBY GIVEN that since the quorum of a NOTICE IS HEREBY GIVEN that since the quorum of a quarter of notes outstanding was not present or represented at the ordinary general meeting convened upon first notice for June 7th 1982 to discuss the agenda below an adjourned meeting (second meeting) of the Masse will be held in a room of the head office, 19 boulevard des Italiens, Paris II, at 3 p.m. on the 29th day of June 1982 to discuss the following agenda:

1—To approve the appointment of Messis. Bernard POIZAT and Michel MUNOZ as first representatives of the Masse. as put forth in the offering Circular.

the Masse, as put forth in the offering Circular.

2—To designate Miss Caroline SALIB and Mrs Jacqueline JACQUEMET as alternative representatives.

3—To fix their remuneration.

4—To determine the place where will be kept the proxies of noteholders represented, together with the attendance sheet and the minutes. Holders of notes in bearer form wishing to attend or to be represented hy proxy must lodga their certificates five days prior to the meeting with the principal offices or branches of

any of the following institutions:

— CREDIT LYONNAIS

- BANQUE INTERNATIONALE A LUXEMBOURG S.A.

— ARAB BANKING CORPORATION
— BANKERS TRUST COMPANY

where forms of proxy will be available.

Proxies lodged for the first meeting will he valid for the No quorum being required npoo second notice resolutions

will be passed at a majority of votes cast excluding blank or The text of proposed resolutions may be consulted by noteholders at the head office of Crédit Lyonnais, 19 boulevard des Italiens, Paris II, and at the offices of the fiscal agent and each paying ageot.

RENFE

RADIO 2

Red Nacional de los Ferrocamiles Españoles

US\$ 100,000,000 Floating Rate Notes due 1989

For the stx months June 14, 1982 to December 14, 1982 the Notes will carry an interest rate of 45 1/16 % per annum. As a consequence, the coupon pertaining to this interest period will be US\$78474

Lisfed on the Luxembourg Stock Exchange

The Mitsui Bank, Limited Brussels Branch

Hiscoil Agent

PROVINCE OF NEWFOUNDLAND U.S.\$50,000,000 91% 1978/1990 Bonds

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that nominal U.S.\$1,250,000 have been purchased in satisfaction of the Purchase Fund during the twelve-month period commencing June 1, 198).

Amount outstanding: U.S.\$43,175,000 PROVINCE OF NEWFOUNDLAND

VILLE DE MONTREAL Cdn\$40,000,000 10% Bonds Due 1989

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that an aggregate principal amount of Cdns 1,000,000 has been purchased for the Purchase Fund during the twelve-month period commencing June 1,

Amount outstanding: Cdn\$ 33,000,000

VILLE DE MONTREAL Québec, Canada

THE BOARD June 14, 1982 CONTRACTS AND TENDERS

ELECTRICITY SUPPLY COMMISSION—ZIMBABWE

WANKIE POWER STATION STAGE 2

In connection with Stage 2 of Warkie Power Station invitations to tender for Contract 213 will be issued within

The Contract comprises design, manufacture, supply and installation of 382 kV Switchgear and associated control and protection equipment to complete a seven-bay extension of the 345 kV substation at Wankie Power Station and

 36 kV Switchgear and associated protection equipment to complete a two-bay extension of the 33 kV substation at Wankie Power Station. Firms interested in tendering for the above are invited to make application in writing not later than 31 July Merz and McLellen, Consulting Engineers, Amberley, Killingworth, Newcastle upon Tyne NE 12 ORS, England. Telex 53561.

A copy of the application together with a deposit of 500 Zimbalowe Dollars should be forwarded . . The Secretary and Legal Advisor, Electricity Supply Commission, Electricity Contro, Samora Machel Avenue, Herare, Zimbabwa. Tenders will only be considered from firms who submit with their tenders satisfactory evidence of

BANQUE NATIONALE .. DE PARIS

Floating Rate Note Issue of U.S.\$225 Million June 1981/96 The rate of interest applicable for the period beginning 11th June 1982 and set by the reference agent is 15½%

PERSONAL.

BREATHTAKING BARBICAN—Now com-plets. Tower dats to rent, unfurnished. £4,500 to £24,000 p.s. Company appli-cations welcome. Ring 01-628 4372 or 01-588 6110.

CLUBS

Canadian Paalia Enterprises Limited 27

DIVIDEND NOTICE

The Board of Directors of Canadian Pacific Enterprises Limited. at a meeting held at Montreal, Quebec, on the 4th day of June, 1982, resolved that a quarterly dividend of twenty-eight cents (28c) Canadian per share on the outstanding Common Shares of the Corporation he and the same is hereby declared payable of July 21, 1982 to shareholders of record at the close of husiness on June 16, 1982.

By order of the heard,

Montreal, Quebec, Canada

Vice-President, Administration and Secretary. Juna 4th, 1982.

PUBLIC NOTICES

MONOPOLIES AND MERGERS COMMISSION REPORT

Notice published by the Secretary of State ender section \$1(2) of the Fair Trading Act 1973. In relation to terms of the Part I of Schedale S to, the Feir Trading Act 1973 in relation to terms of the frenchise segreements made by menufacturers and objects of care.

(1) Section \$1(2) of the Fair Trading Act 1973 ("the Act") requires the Act, other than any such order as is mentioned in section \$5 of the Act, other than any such order as is mentioned in section \$5 of the Act, other than any such order as is mentioned in section \$5 (1), to.

(a) stading his Intention to reaks the order;

(b) indicating the neture of the provisions to be embodied in the order, and who is desirous of reaking termeentations to reserve the section of the provisions on the section \$5 (1), the order, and who is desirous of reaking termeentations to reserve the first of the provision on the notice (see the termeentations to see the provision on which he wishes to make the representations to serve the desirous of resident that which publication of the notice (see that being not serving the which publication of the notice (see majerate).

(b) The Secretary of State is required by section \$1(2) to consider any the desirous of the order than which publication of the notice. It completed).

(c) The Secretary of State accordingly hereby gives notice that he intended to make an order ender sections \$5 and \$90 of, and pergraphs 1 and 2 of Part I of Schtdiel Sto, the Act in resistion to terme in agreements person to whose a sensition to the Act in resistion to terme in agreements person to whose a sensition to the Act in case or car parts is given by resultatars or important or its notice that he desire specified in the models.

(c) The Secretary of State accordingly hereby gives notice that he intended to make an order will be a facility to the sections of cars on the one head of a sensition to the person to whose a sensition of the person to whose sensition of the person to the one head of the person to

realization of the menuacturers or importers waverancy and the repolices;

(d) For the outposes of these provisions, "car perta" means replacements for perta which am fitted to a car as standard acaipment when sold new, excluding in-car enterteinment and liquids.

(e) It is intended to provide in the order that the provisions indicated in [e11] and [ii], [c) and [d] above shell come that effect not less than 21 days after the order is laid before Pertament. It is intended to provide that the provisions indicated in (e11) and (iii), [c) and (ii) a power shell come that offect not intended to provide that the provisions indicated in (b) above shall come into effect not less than 90 days after the order is so laid and to provide that the requirement in (b) shell be compiled with before the application of a further period of not less then 90 days beginning with the date when the provisions budicated in (b) come into effect.

(4) Any parson whose interests are likely to be affected by the order, and who is desirable of reaking representations in respect of It, should do so in writing to M J. A. Cooks, Department of Trade, Room [69]. Sentenery Sulidings, 16-20 Greel Sinkh Street, London SWIP 3DB (stating hie interest end the greands on which he wishes to reake the representations), before 14 Joly 1982.

**Backstrant Secretary of

J. A. COOKE ad Addatant Secretary of The Department of Trade

11 June 1982

override personal rights and The protagonists of this pre-erence will take heart from the decision of the majority of tha Law Lords in Wills v It is a case which has important implications, not only in the judicial interpretation of any . . pail . . on any footparliamentary legislation, but way " every person who rolls

The events which gave rise early hours of December 8 1979 in a street in Cardiff, a woman spoke to a policeman in lan-guage which resulted in him arresting her. She resisted arrest, even after two col-

Yet another year passed, and

hy s majority of three Law in har appeal was somewhat recondite and antiquated. Few

IT IS not solvised to back Lester Piggott to finish leading rider at Royal Ascot this week in spite of the fact that he is expected gott that a tenner on him in the to ride Warren Place-trained runners in almost three-quarters

Bookmakers are well aware

that Piggott has more of these

races than anyone now riding,

of the royal meeting races.

such as Fred Archer, and Sir that he can start the royal meet-Gordon Richards. A brief glance at the betting will confirm that they are determined that no-one can back Piggott at realistic odds -he is 2-1 oz. It is a sobering thought for anyone thinking of backing Pig-

local betting shop will yield a profit of just £3.50 after the 10 per cent betting tax has heen deducted from stake and win-Pat Eddery looks the hetter or, for that matter, more than bet, both on interest and value.

the legendary ridsrs of the past, 1 am more than a little hopeful is Piggott's mount in the

forwarded in a sealed double envelope to the above-mentioned The outer envelope should not hear any mention which would

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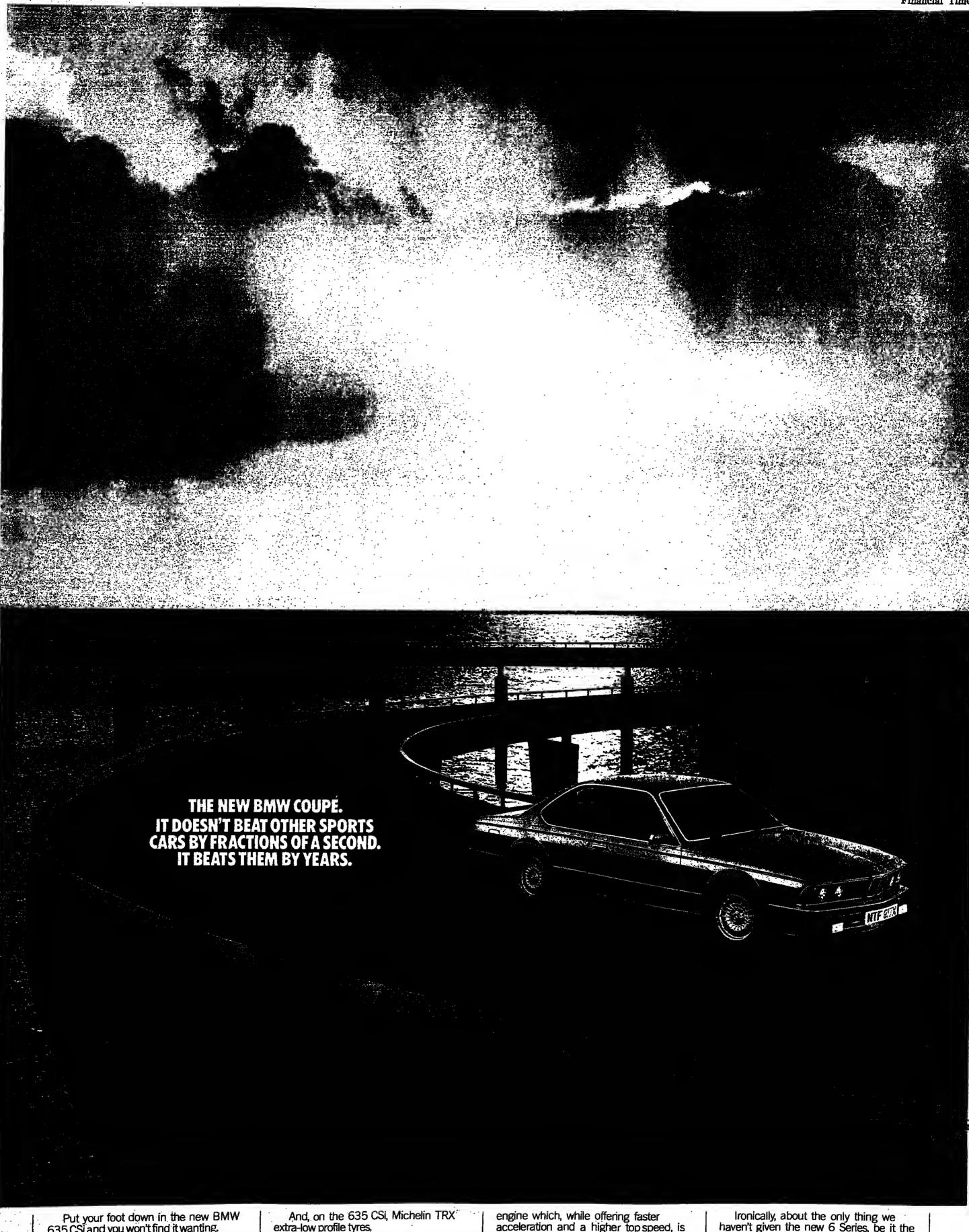
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G.S. MacLean

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'Club rules'—an answer to nationalistic barriers

Arnold Kransdorff describes how a major UK group is tackling a personnel problem that can arise when dealing across frontiers

that multinational companies Fould be more like football teams; they should spend more time and energy on building up moral and a better team spirit. His purpose is to counter one of the most pervasive of management propblems — dealing with a multitude of national-

Orr-Ewing bas found that many top managers behave obstructively when given instructions by someone of another nationality, especially if that instruction is unwelcome. Overriding this is also the complex problem of communications; colloquial laoguage can often give rise to misinterpretation and offence when addressed to other national groups.

For a multinational this problem, by its very nature, is endemic. In his own company -Orr-Ewing is chairman of Rank Xerox-there are subsidiaries in 24 different counries as diverse as France, New Zealand and the Ivory Coast. And the company's U.S. parent-age gives the problem an added

Explaining his footballing malogy, Orr-Ewing says he believes that to overcome the nationality difficulties, s multizational — like a good soccer esm — needs the sort of well-defined "club rules" be bas started trying to introduce into

his own company. These should give a clear lead as to how executives should deal with each otherand those who breach the rules should be left in an incidence. Heir colleagues' displeasure.

nigher manager in a multirational teods to be, in business terms, a stateless person. He is a citizen of his own country with the pride and outlook which is his birthright. Yet be s likely to receive instructions from another country, conveyed through the medium of a per-



Orr-Ewing: looking for

son of another nationality. while the ultimate power may emanate very plainly from yet another nationality.

This complex situation "bristles with mantraps," be believes. If a corporate manager is not careful national sensibilities can be very easily offended. when centralised especially decisions have adverse effects on domestic situations.

"A sense of identity and loyalty to other people is a universal instinct in all of us," says Orr-Ewing. "When we says Orr-Ewing. identify with a company we mean in reality that identify with the people who compose it."

But Orr-Ewing believes that multinationals there inevitably a confusion identity between country, local management teams, corporations and countries of final ownership.

Multinational managers, he says, have to try and reconcile the pull of local identity and lovalty with the receipt of guidance and instructions from wholly different backgrounds.

He believes that there is a

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THE FRENCH STYLE OF FINE LIVING IN THE WORLD

very strong antipathy to the proselytisation by people of one country to another. "No cor-poration will ever succeed in competing for the loyalty and identity of an employee against the pull of his own community.

"There is always a desire for something to be loyal to, but too often only one's national unit offers itself as sufficiently tangible. The corporate name is not enough; there must be a cause with which one can align oneself."

Orr-Ewing estimates that during the six years he was managing director of Rank Xerox-from 1971 to 1977-a significant number" of his operational directives responded to "in a less than helpful way." This was because national sensibilities had in some way been aroused.

On the problem of communiestions he recalls the time when, recently, each of Rank Xerox's national subsidisries submitted their annual company plan. One of the "Germanic" com-

panles was then instructed, in so many words: "We suggest you reconsider the plan you have submitted.

Orr-Ewing says: "What we meant-in a contemporary and Anglo-Saxon way—was that their plan was unsatisfactory and that they should reconsider it. However, their response was not to respond. They treated the instruction in a literal way. They did in fact reconsider the plan and decided that it was satisfactory.

"The lesson behind this is that one always has to take account of national style. Messages-whether verbal or written-have to be transmitted in s form in which they cannot he misunderstood."

Orr-Ewing agrees that beving different national groups within a corporate hody can—and does -provide a bealthy atmosphere of competition but says it becomes destructive



positive pride of a national team is replaced by resentment of other national teams or of the corporate centre."

When this happens criticism between national groups moves from being positive to negstive "instead of being belpful, one national group will start describing another as 'no good' resendent compounds

All successful human ventures involving groups of people have depended on the tures individual baving a feeling of identity and pride and member-ship of the group, Orr-Ewing

Corporate ethics

"If multinationals are to develop the full strength of which human beings are capable, they must find a mesns self interest whereby this pride and use compl identity can be fully harnessed. Orr-Ewing believes that multinationals have to build up what might be called a corporate ethic through an unwritten code of behaviour that tran-

scends nationality, ethnic origin and religion. But to be scends effective this code must be strictly adhered to. rules must be accepted by all levels of management

and command universal respect. he says. "Also, the breaking of the unwritten rules must he seen to put the culprit outside the protection of his local business colleagues." So, what should this code of

conduct contain? Orr-Ewing says the sort of thing he has recently been putting forward to his senior colleagues is:

 conceal nothing that could private affairs. affect your business from anyone who reasonably needs to know in order to help solve a

 never read the instructions from higher authority with a view to finding a loophole which would enable you to act to the letter while escaping the

never write instructions which you know to be

never let your boss or your colleagues get caught by sur-prise by problems you know are impending

orders to subordinates should always be yours, not passed on while you wash your baods of

don't avoid helping collesgues

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because it isn't part of your designated job • honestly tell subordinates of

· never overlook knowing disobedience of a properly given

instruction

 be tough but merciful: for the occasional well-

acknowledge your • never stand in the way of a

 use complete honesty in dealings with people and the com-pany's affairs—in the spirit not

"simple enough stuff," but declares: "Were we to adopt these standards more positively as our pattern in work, how readily we could identify with others in business who, regardless of nationality or job, shared the same convictions.'

stresses that the code should be confined to principles —not detail or legalisms. which are nothing to do with

External standards are improved by truly high internal standards." Orr-Ewing con-cludes, "I contend that an efficient company that always acts open-handedly internally will do the same externally. In the longer term, and that is wbat matters, one will gain, not lose business."

your perception of his or her performance

yourself in the private knowledge that they cannot be carried out without causing unreasonable problems to subordinates or indirect damage to the business

• help a colleague who has made an error

intentioned error. Don't overlook deceit or deviousness mistakes

subordinate's career because of merely to the letter.

Orr-Ewing admits this

should not he unreasonably demanding or extend to matters business. . The objective, is to gain the commitment of real life business managers, not to set up a new moral order in the world or to interfere in people's

the U.S., Canada and Europe. Among a sample of 85 U.S. and 44 European companies-

all with a substantial volume of operational gains. their business in foreign countries—the vast majority em-ployed s local national at the bead of most of their operations abroad. In addition, 60 per cent of all the companies had either a

foreign director on the main board, a foreign top executive or a foreign advisory board. The foreign advisory board is

search institution with offices in

a relatively new and rare boardroom innovation favoured by more European than U.S. companies. Usually a main board management committee, its functions include advising on local problems in specific overseas markets and helping to develop contacts with local government officials and potential customers.

But while more foreigners are being brought into top management, their role is not seen as having any direct business

According to the survey, most

U.S. and European companies

abroad they are finding it pru-foreign board member, addent to change the ethnic com-foreigner in top management or position of their top manageally helped them to do business in foreign countries. This is one of the major find-Most companies thought that

When ethnic mix gives new

perspective in boardrooms

ing of a new survey by the Most companies thought that Conference Board, an independent non profit-making reasurement position gave an additional perspective. Most respon-dents thought the benefits provided by this additional point of view were a more significant consideration than any specific

> The study confirms the increased pace of foreign activity by both U.S. and European companies. Three-quarters of the U.S. companies expected to have substantial activity in at least one region outside their own country, while more than 90 per cent of the European companies predicted important activity outaide their traditional stamping within the next

Main targets

Europe was named by fewer European companies than the Middle East, Latin America, Asia and the U.S. Latin America and Asia were the main U.S. targets.

However, while companies are employing more foreigners on their top management teams, few foreign directors come from the areas in which major growth was expected. -

AS MORE COMPANIES expand did not think that having a where British and a foreign advisory board actu- Western. Europeans accounted for nearly two-thirds of the

foreign directorships. Among all the respondents. Europe was rated fourth, just ahead of the Middle East, as a potential growth area for the

While the largest number European companies named the U.S. as a major growth area only a minority of foreign directorships were held by Americans. Similarly, Latin America was named by half the companies as a major growth area over the next decade, but there were few Latin Americans among the foreign directors. According to the Conference Board, companies, apparently

value linguistic and/or collored compatibility more than the possession of local perspective In the U.S. companies tended to choose foreign directors from English-speaking countries - a factor which is probably explained by their (up to now) perochial outlook * Managing the Internation Company: Building a Global Perspective, available from The

Conference Board, 845, Third Avenue, New York, NY 10022 Price \$30 for non-members and \$10 for members Arnold Kransdorff

Business courses

Effective Writing for Managers, London, July 14-16, Fee: £260. Details from Registrar, Effective Writing for Managers Workshop, London Business School, Sussex Place, Regent's Park, London NW1 4SA.
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July 15. Fee: £90 (plus VAT) members, £105 (plus VAT) nonmembers of the Society for Long Range Planning. Details from SLRP, 15 Belgrave Square, London SW1X 8PU. Sponsorship—new media, new

development, new projects, London, July 9. Fee: £130 (plus VAT), £120 (plus VAT) before June 18. Details from Enropean Study Conferences Kirby House, 31 High Street East, Uppingham, Rutland, Leicester-

Why Work? What Work? Uxbridge, July 10-11, Details from The Brunel Self Manage ment Programme, Brunel Uni-Uxbridge, Middlesex UBS 3PH.

Leadership in Management, Bromley. July 18-23. Fee: £550. Details from Sundridge Park

Kent BR1 3TP. Finance for the Non-Financial Executive, Slough. July 12-16, Fee: £345 (plus VAT). Details from Urwick Management Centre, Baylis House, Stoke Poges Lane, Slough, Berkshire SL1 3PF.

Changing Technology-a director's responsibility, London. July 6. Fee: £95 (plus VAT) members, £125 (plus VAT) nonmembers of the Institute of Directors, Details from Education Director, Institute of Directors, 116 Pall Mall, London SWI 5ED.

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none. Details from Cocking and Drury, 16 Berkeley Street, London WIX 5AE. Strategies for the Advanced Business System, London, July 89. Fee: £295 (plus VAT). Details from C/is Communications / Information Systems Regal House, Lower Road, Chorleywood, Richmansworth, Hertfordshire WD3 5LQ.

Management Centre, Bromley, Developing International Business, London July 5-7, Fee: £825 (plus VAT). Details from Tack International, Tack House Longmoore Street London SWIY IJJ.:

The Management of Quality, Bradford. July 11-16. Fee: £380. Details from Management Development - Progr University of Bradford, Management Centre, Heaten Mount, Keighley Road, Bradford, West Yorkshire BD9 4JU. . . The Director's Role in Effective Product / Marekting Strategy, London. July 8. Fee: £95 (pl VAT) members, £125 (plus

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Thames last Wednesday as the

heat-wave cooled and 250 dele-

gates trooped into Glazier's Hall

hard hy London Bridge to dis-

cuss the future of Thamesside

London The London Environ-

had brought togather the pro-

history of London. The closure

of the docks has made available

for redevelopment eight square miles of the city. On the South Bank of the river within the central area alone three great

sites, Hay's Wharf, Coin Street

and Vauxhall Cross, will have an

enormous impact on tha very

The keynote speaker at the

conference was the Secretary of State for the Environment, Mr

Michael Heseltine. Discussing

the changes brought to the river

by the demands of modern ship-ping Mr Heseltine saw the new

challenge as an approach to the Thames that would "bring the

riverside back to life." Because

the river is London's greatest natural asset he felt that it is

vital that "any additions to its

built environment do not let it

vast areas of vacant land back

into use, and the need to en-

Considering the first theme

It is worth remembering the

scale of the recent changes to the area. The East India Docks

closed in 1967, St Katherine

and the London Docks closed

in 1969, the Surrey Docks closed in 1970, the West India and

Miliwali Docks closed in 1980, and in 1981 the Port of London

Authority announced the final closure of the Royal Group of

every male on stage. But abe

only does so through the

absence of any equally formid-able protagonist; Captain Brass-

bound, as he himself explains.

Moreover, the Moroccan loca-

tion, with its peculiarly late-

19th century European perspec-tive on the locals, makes it, for

all the humour, a difficult choice

for this theatre's current reper-

tory season does little to rescue

the piece from the dramatic and

A few interesting points emerge about the law, and they

are sharpened by the evening's

outstanding performance from

intellectual doldrums.

Frank Hauser's production

is basically stupid.

5.

sure architectural quality.

He had two main themes; the need to bring the

nature of the Thames...

THE ARTS

Architecture

Colin Amery

Setting the Thames on fire

ment Group of the RIBA (Royal Institute of British Architects) to prepare a plan for the whole area. Some aort of plan was fessions of urban design, town planning and landscape design, and a whola ranga of speakers, prepared that signally failed to to discuss a brief for the future of the capital'a greatest asset. The banks of the Thames ration, with development confrom Battersea to Beckton are trol powers, was set up in July, be adequate. the greatest development opportunity ever to arise in the

The responsibilities of the Corporation are immense. It has control over 8 sq miles of land on hoth banks of the Thames. There are 144 miles of river edge and 400 acres of spring to an easier climate of enclosed water within the area, public and private investment.

disappointing to hear the Minister say that "we cannot then have a detailed building prepared that signally failed to then have a detailed onlicing have any major effect. To brief for Thamesside as a resolve some of the endless whole." His dimp-wristed local political in-fighting a approach to encourage a philo-Docklands Development Corposophy to ensure that development is of high quality will not

> There is no doubt that the proposed pump-priming urbandevelopment grants (up to £70m is available) will encourage developers to look at areas like Dockland and could be the main-

The Thames is London's greatest redevelopment opportunity since the Great Fire. Will architects and planners seize the chance to build a new Venice or will bureaucracy defeat the vision?

Captain Brassbound's Conversion/Theatre Royal, Haymarket

Rosalind Carne

This play was written for Ellen she performs as if for herself and he receives stolid, wooden The stage seems to be performy and inspired by Mary shone; there is no streament from Mr Turner, petually crowded with tribes. Ringsley, one of several intrepid communication between her and Only through his "conversion" men, handlits and assorted odds

and mildly eccentric lady travel- anyone else on stage. This may does he hecomes remotely and ends and the play works

Cicely Waynfiete, is certainly a her final scene with Captain recognises that his pirate ways episodes. Charles Rea is a formidable creature, cajoling, Brassbound (John Turner) she are no better than the legal powerful figure as the American bullying, and finally dominating explains that she could never tyranny of his uncle, Sir Captain Kearney.

of land including 154 acres of "prime sites" with Thames

The architectural responsibilities of the Corporation are mind-boggling. The Secretary of State said that he felt that as high a standard of design as possible must be the aim. No one would disagree with this but the conference ravealed such major political divisions between the local authorities, the Greater London Council, and the central government that easy progress looks impos-

In a remarkable piece of Ministerial understatement, Heseltine said that to obtain a balance between the need to atimulate development and the search for quality "will require a deft touch in processing

in the English theatre repertory. managerial, sha is bossy, but a figure as his name suggests soul. This play was written for Ellen she performs as if for herself and he receives stolid, wooden. The

Shaw's women are rightly ful and, as the drama revolves

deemed to stand among the around her, every confrontation fall in love. most challenging female roles suffers. She is mannered, the is Brassboun

The Corporation owns 640 acres But it is worrying to all concerned with the visual qualities of our cities to hear that the grants will be available with no special architectural requirement attached to them.

There was a great deal of talk about the need for more architectural competitions and there is no doubt that these must be given a fair trial. It was, however, wrong of the Minister to suggest that the recent "Green Giant" site had produced a unique opportunity for the people of London. The developer made the final choice and has since refused to reveal what the public's views were when they visited the exhibition of short listed proposals.

Only inspired leaks have since shown that the public's choice was not the one liked To tackle the future of the planning applications."

hy the developer. The pressure century, or will hureancratic matter was established in 1974 going to be enough and it was liament by means of a Special before it is born?

"manage people" if she were to

Brassbound himself is as dull

pomt be

Development Order (normally used for nicelear power stations) without any more debata must he resisted. Members of Parliament especially London MPs should insist on a full debate.

It was clear at this conference that the London Docklands Development Board, represented by Reginald Ward and Ted Hollamby, have little conception of the quite amazing opportunity that Dockland offers. It was almost scandalous to hear the view expressed that the appal-ling tower blocks of East London resemble the chords of an unfinished symphony by Sibe-lius. The lack of social awareness was totally baffling. In great contrast were the two speakers from Baltimore, Their effectiveness and enthusiasm was infectious, and although Baltimore was never as blighted as Dockland, its renaissance has

been dazzling.

speakers from the GLC, the Docklands Board, and all the professional institutes concerned of Light. with the anvironment, exposed the scale of the problems it also revealed an almost total lack of vision. London is one of the world's greatest cities and it is faced with an unparalled opportunity for growth and regeneration. Mr Hessltine prefers competition to leader-ship, and the GLC appears to

While the conference, with

The need is urgent for a powerful group of individuals to present the people of London with some real social and aesthetic atternatives. Architecture now is in a healthy and exciting condition. There are at least half a dozen of the best architects in the world working in London and a tradition of con-cerned town planning.

believe that the whole thing

can be settled around the parish

The Thames is the area of opportunity that they have all heen waiting for—it could be the scene of the nation's long delayed renaissance—a setting for the urban life of the 21st

Howard, and at last the un-

tunity to hint at a glimmer of

in the underpopulated

Orpheus/Covent Garden

Clement Crisp

Kenneth MacMillan's Orpheus was given its first penformance on Friay night as part of a triple hill of Stravinsky hallets marking the centenary of the composer's hirth. Orpheus is a score of deliberately restrained sonority and form: "throughout major parts of this ballet. Stravinsky thinks of his music in terms of speaking quality and as giving voice to the inflections convey his desolation and anguish. of the figures and their story" wrote ingolf Dahl in the invaluable Stravinsky in the Theatre symposium which was produced

to mark the first nerformance of the ballet in 1948. It is such austerity of means which marked Balanchien's original realisation, and it also controls MacMillan's language in this new staging, which alters the Stravinsky/Balanchine narrative only in suppressing the Bacchantes who kill Orpheus (his death comes at the stabbing points of the Furies) and in introducing a Dark Angel, who is also Pluto, to struggle for Orpheus soul with the Angel

In retelling the myth Mac-Millan is affected by one other consideration: the playing of Orpheus by Peter Schaufuss, one of the most astounding virtuoso dancers of our time in sheer prodigality of technical skills,

and also an artist of refined ex- and in her duet with the blind- mented leaps he performs pressive gifts. Hence the dancing for Orpheus and Eurydice (Jennifer Penney, so classically clear in style) stresses linear purity that, like the music seeks control rather than emotional extravagance, albeit Orpheus' initial solo, when he has watched Eurydice sink into Hades, explodes into a whirl-wind of ateps that marvellously

For the two Argels who struggle for Orpheus' soul, in the first scene, MacMillan has made dancea of extreme sculptural convolution as they lock in combat, and suddenly—in a stunning theatrical coup -we see Orpheus and the Dark Angel (Wayne Eagling) skied high on a goldeo ladder which leads, in Nicholas Georgiadis' admirable design, like a shaft down into the underworld. On either

side are two further construc-tions of gold ladders on which the Furies perch, watching the grey mass of the lost souls whose bodies become the waters of the styx on which the body of Enrydice will float. The music's restraint is never more potent, and MacMillan's response never more persuasive. than in the succeeding solo for Eurydice (it looks on a first veiwing gentle, almost bappy)

folded Orpheus, its economy of expression quite as subtle as that of the music, with understated but heart-rending conclusion as Eurydice is borna sway, her body twitching convulsively in renewed death throes. Led by the Dark Angel, the Furies (like hornific insects in their glittering red head-dresses) burn on Orpheus, and the final scene becomes an apotheosis marked by another powerful image. Apollo (Derek Deane) enters, gold masked and haloed, not a convantional presentations of a classic deity,

but a science-fiction being walking with a robotic glide, totally inhuman. As he raises Orpheus' lyre towards the heavens, the lovers are seen rising in a gold-mesh "gloire," their immortality, like Orpheus'

Nicholas Georgiadis' designs are entirely in tune with the controlled effects of score and choreography: the vision of golden akeletal forms against black, cut through by the angry red of the Dark Angel and the Furies, is poetic, apt. In the role of Orpheus MacMillan's use of Peter Schaufuss' virtuosity is never gratuitous; the dance feeds from his brevura but also enhances them, and emotion is vivid in the tearing and tor-

Jennifer Penney is at her most fluent as Eurydice; Wayne Eagling's aggressive menace as the Dark Angel, the gentler strength of Ashley Paga as tha Angel of Light and the ferocity.

Angel of Light and the ferocity of the Furies, are very fine.

Orpheus was framed by two Stravinsky scores in their first choreographic settings. The Firebird after 70 years is a period piece which can convince; when its interpretations are as well rounded as those of David well rounded as those of David Wall as Ivan, and Derek Rencher as Kastchey. Les Noces was given with an immaculate timing that is tribute to the intelligence and rhythmic pre-cision of the Royal Ballet.

Dame Marie Rambert

death at the age of 94 was announced at the weekend, was one of the most influential figures in the history of British ballet. Born in Warsaw in 1888, she was also "born to movement" as she recalled in her autobiography Quicksilvet, and found her first great in spiration in the work of Isadora. Duncan. In 1910 she entered. the Dalcroze School as a student. and in time became a teacher; there; it was her skill in musical analysis through movement which brought the crucial invitation from Diaghilev in 1912. to help Nijinsky in his work onthe then forbidding score of Le Sacra du Printemps.

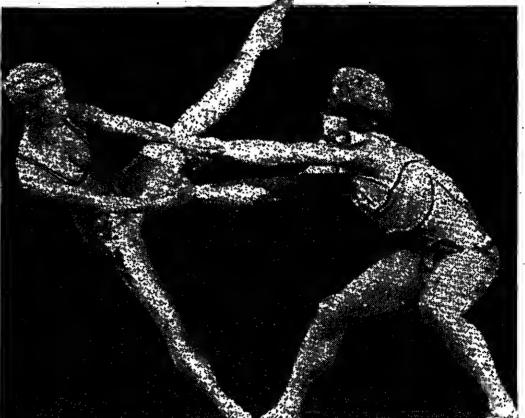
Rambert was to be a member of the Diaghilev company for the next two seasons, but in. 1914 she settled in London, and: four years later married the writer Ashley Dukes. In 1923-she opened a dance-school and thereafter revealed that gift: which was to be so vital in the making of English ballet—her ability to sense talent, to nur-ture it, to stimulate it into-creative life, and to afford it a

means of expression. Her first great discovery was: the young Frederick Ashton: on'; pocket-handkerchief stage (18 ft square) of her husband's Mercury Theatre in Notting Hill-Gate there emerged in the 1930s a succession of dancers, ballets, choreographers, that are amaz-ing testimony to Marie Ramtaste. Antony Tudor, Andrée Howard, Waiter Gore, Frank. Staff, with Ashton, made thair:

earliest hallets there; Karsavina and Markova appeared there. There were many artists who developed with the Rambert. company. In 1966 Norman Morrice,

Ramhert's latest's choreographer, guided the company in changing its image back to that of the adventurous ensemble of its first years, and Dame Marie watched this new incarnation of her troupe with appreciative gratitude. Her zest for dancing. her delight in performance were unfailing; when . last year, Richard Alston staged his own version of Le Sacre du Printemps for Ballet Rambert, Dame Marie took a stage call with him, providing thereby an unforgettable link with the first; performance of a work on which she had collaborated in 1913.

It was said of her that sha showed us that Notting Hill Gate; was an the slopes of Parnassus, and ahe laughed when 1 once called her Mercuria, the Tenth Muse, but British hallet knows that she was its first muse, and in lts formative years an inspiring guide and decisiva mentor. .



Jennifer Penney and Peter Schaufuss

Pittsburgh Symphony Orchestra

Our Friends in the North/The Pit

Michael Coveney

debut with Savage Amusement in 1978 was one of the Warehouse's best premieres. Now the Warehouse has been transposed to The Pit, the Royal Shake-speare Company's studio appendage in the Barbican Centre. Thia is a large square room with reasonably comfortable bench seating Lika Mr Flannery's new play, alas, it has nothing distinc-

Michael Denison, Sir Howard Hallam is a bulwark of the British legal system whose tive about it.
Our friends in the north are murky past emerges through an unforeseen adventure during a group of Geordies seen down the 15 years between the elec-tion of Harold Wilson as Prime travels with his aister-in-law, Lady Cicely. Mr Denison betrays exactly the right amount of Minister in 1964 and the impending arrival of Mrs Thatcher snobbery and tight-lipped selfin 1979, Too much and too little control in the early scenes to make his fury at exposure fiercely convincing.

I can only describe as the result dress, suits and flat caps, and property from the property of the fiercely convincing.

I can only describe as the result dress, suits and flat caps, and of the flat flat flat caps, and flat

Peter Flannery's playwriting many plays by Howard Barker. are forged between inadequate the but with Savage Amusement we have the boom in the housing up north and the building industry, police corrups scandal of Ronan Point. Some tion, connivance in Westmin of this holds together for the ster, cartoon low life in Soho first act, which covers only the and a parallel, attenuated sketch first two years of the history.
of the rise of rebel power in Thereafter, the play disinteRhodesia following the economic sanctions of 1965 and the scenes of fraud squad blooddeclaration of UDL It all wheels along at a fast pace in John Caird's production. But the end result lacks either narrative or

intellectual density. The stage is hare except for five elegant steel tubes (design by Ultz) that rise from the floor to form a canopy over the action. A resourceful cast jump in and out and out of police is attempted in the piece which uniforms, mercenary battle-I can only describe as the result dress, suits and flat caps, and

letting, Soho murders and fleeting references to Operation Countryman, Belfast, street violence and bombs in restaur-

This kind of play is really very old hat and was best done some ten years ago hy David Hare and Howard Brenton with Brassneck at the Nottingham Playhouse. Can we really be very excited any more by pre-Wilson socialist euphoria or its subsequent collapse?

At Friday's concert, first of garland of purely taken flute statements was of a different two in London this weekend, and oboe solos, in the Mahler order, and seemed to rest the Pittsburgh visitors filled Tenth Symphony Adagio a viola directly with the conductor himsection both muscular and for- self. Hard, in fact, to imagine the Festival Hall, with a large, midably accurate, and in the a Mahler performance at once appreciative audience and with appreciative audience and with closing La Mer a quartet of more precisely sounded and sounds of impressive discipline, horns regularly distinguishing less idiomatically Mahlerian halance, and corporate vitality. itself, pithy without being in whether in the sudden bursts Under André Previn, general the least over-assertive. The of F sharp major or the high

now exceeds the Los Angeles vin's best manner; if I enjoyed made for a disconcertingly tri-(at least as measured on its the performance rather less than vial experience. The Debussy, now exceeds the Los Angeles last London visit) equally in I hoped to, that might be no less secure note for note, was point of the excellence of secbecause Miss Chung's unremittions and in their careful ting passionate intensity were apt to arrive, several ensemble blending; and only releases rather less of the resithe frisson afforded by the dnal musical freshness than the greatest American orchestras—opposite, more patrician by the depth and lustre of the approach can achieve, and also Philadelphian strings, or by the because the intonation of the the solo violin was by no means high-tech brilliance of

Chicago full sonority—still lies always beyond reproach.
a little beyond its capacities.

In the Mahler and D In the Mahler and Debussy There were a host of indi- works after the interval, the vidual pleasures to note—in the failure to collate enjoyable Chaikovsky Violin Concerto a moments into coherent musical

standards are high. Generalising accompanion to Kyung-Wha violin trilling, now radiant, now perhaps unwisely, I would say Chung's account of the concerto anguished, the lack of any that the Pittsburgh orchestra was light and forward in Pre- "inner" feeting to the playing degrees too loud, without dramatic grading or preparatian; in the "big time" of the "Dialogue," a burst of string refulgence opened visions of Technicolour picteresqueness.
Previn attended punctiliously to
the "how" of the music; its
"why" hardly began to be hardly began to be

suggested. MAX LOPPERT

THEATRES

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F.T. CROSSWORD PUZZLE No. 4,896

ACROSS I The faux pas of good sports

4 Midnight hour reveals desire among a section (8) 10 Getting better lika the seamstress (2, 3, 4)

11 Charlotte finds it sweet (5) 12 Wherein one finds a 30 indeed (4) 13 Bumpkins have a hite in a

trysting place (6, 4) 15 Onca more we turn to an artist for a drop of water (7) 16 Looks at the weight aboard (6) 19 The streaker is without it—

the good man takes it to church (6) 21 Work finds you before the fast in the money (7) 23 With which the ancients measured speeches in court (5, 5)

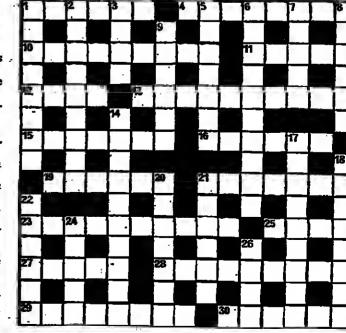
25 Look out in case tha last of . them is to be seen (4) 27 They all play when Pharaoh gets it hack (5)

28 What the successful competi-

tor must have (4, 2, 3)
29 Sly Idaho could give us times of recreation (8) 30 "For loan oft loses both itself and —" (Hamlet) (9) · DOWN

1 A tanning for the poet (8) 2 Loose chatter in an awkward situation (2, 3, 4) 3 The Tower makes us look up

5 Composes a letter in the Caribbean isles (?)
6 "And tell you every detail of Caribbean isles (7)



7 Is the girl to have children?

(5) 8 Only the pre-eminant make the finals (6) 9 One of three sisters not really amused (6)

14 Get teacher to care for a TV programme (10) 17 Rivers of the unknown?, (3, 3, 3)

18 Tense, unlike the quality of mercy (8) 20 Children shy from a compromise position (7)

's uniform" (Pirates) 21 Commanding officer starts tha craze for the supernatural (6)

22 Humour in school may get you tha hirch (6) 24 After a drink nearly everything is complete (5) 26 Mona leaves Macedonian city

for prison (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday,

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Monday June 14 1982

French cure for inflation

was founded as a largely Franco-German initiative to promote sound and stable currencies in Europe in the face of a weak U.S. dollar. The UK did not participate hecause it feared that sterling was too weak a currency to face the rigours of

the new system. Now we have had four exchange rate alignments within the EMS in the last 18 months. The German and the French currencies have inexorably diverged as the difference hetween the inflation rates of the two countries has asserted itself and as their two governments have pursued contradic-

tory economic policies.
On the face of it, the hopea that the EMS would focus European economic policies on a common goal of creating noninflatiooary currencies have exaporated, and what is left looks increasingly like a kind of "crawling peg" system designed to curb short-term volatility in European exchange rates but not their underlying movem*e*nts.

Distinctive

Paradoxically, however, this weekend's EMS realignment is not being viewed in this nega-tive way in Brussels or in Bonn -or even, probably, in the French finance ministry. European and West German officials are relieved that after months of build-up in the press and currency markets the changes of parities went through smoothly and without the haggling that accompanied the last French devaluation in October

They are relieved that France did not quit the EMS in the belief that its approach to economic policy was so distituctive that further memhership of the system was fruitless. They are relieved that France did not seek to defend the franc hy erecting more of the outworks of a siege economy—still tougher exchange controls or further moves towards the pro-tectionism which some critics fear is already implicit in the country's currect economic strategy.

Above all they are satisfied a much greater

TO SCEPTICAL British eyes wages and dividends and a new to budgetary Monetary System which got under way in March 1979. It reaffirmed that It will limit its budget deficit to 3 per cent of GNP. It plans sharp cuts in current expenditure to make sure sation of France's nawly nationalised industries is not painfully

The French package is hacked up by less specific undertakings from the Belgian and the Italian governments that they, as weak currency members of measures of budgetary selfdiscipline to help contain their own inflation rates.

While the West Germans see the other EMS currencies— with the exception of the Dutch guilder—dropping away from the D-Mark once again, they do not, this time, seem as warried about the threat of "competitive devaluation" as they were in February when the Belgian franc and Danish krone-devalued against them. This weekend's shifts bave, they feel, sbown the EMS asserting some pressure on EMS members to converge in their anti-inflation-

An added honus for the West Germans is that the re-alignment will enable the Bundesbank to decouple its interest rate levels a little more from those prevailing in the U.S. The weakness of other EMS currencies and the need for Bundesbank intervention bave, in recent weeks, dragged the D-Mark down somewhat against the U.S. dollar.

It would be hard to prove that the constraints of the EMS have had more impact on French economic thinking than would the sort of free fall of a floating currency which forced ecocomic aelf-discipline upon the UK in 1976. Nevertheless it does seem that the need to devalue the franc in this very public manner, and the French desire to remain part of the EMS, caused the Mitterrand administration to re-order its prioritles.

Problem -

It is true to that Government's dirigiste principles that it bas selected direct controls to try to Above all they are satisfied get a grip of France's inflation because even as it devalued the problem. The British experifranc, the French Government ence with wage, price and dividend controls has not been a priority to the containment of bappy one. Already we are and now chairman of Dresdner around 80,500. This company, inflation than it had hitherto. It sceptical that government direcrevealed an austerity package tion will stand France's aimed at reducing French advanced economy in good inflation quickly towards 10 per stead in the long term: such a cent from its present rate of clamp down on the price and 14 per cent. This included a profit mechanisms can only four-month freeze on prices, reinforce those doubts.

A suitable case for Gatt

THE AMERICAN steelmakers European steel (which are and the U.S. Administration say ostensibly designed to belp the that the countervailing duties provisionally imposed last week on subsidised steel from Europe and elsewhere are fully in line with the rules of Gatt, the General Agreement on has been seriously injured by Tariffs and Trade. The Euro-these imports. The duties pean Commission does not imposed last week were proaccept this and there is talk of retaliation. The legal argument concerns tha interpretation of the code on subsidies and countervailing duties which formed part of the Tokyo round. of trade negotiations and which was reflected in the U.S. Trade Agreements Act of 1979.

Definition

Since this is a relatively new element in the world's trading system (although it built on earlier agreements), there is uncertainty about what sorts of subsidy are covered and how their impact on exports should he assessed. In these circumstances there is a strong case for referring the dispute to Gatt itself for resolution. This would he greatly preferable both to an escalating trade war and to a compromise bilateral agreement which would continue the well-established and disturbing trend away from multilateral trading rules. . .

The code recognises that governments sometimes use subsidies to promote their social or economic objectives and that they may have harmful effects on trade. In addition ful effects on trade. In addition to bringing more transparency into the practice of granting subsidies, the code sets out detailed procedures for countervailing duty investigations. The subsidised imports have to be shown to be responsible for causing injury to the domestic industry which lodged the com-plaint; the code gives a precise definition of material injury and casualty. It also provides for consultation between the countries concerned; if agreement is not reached, the dispute may be referred to a committee Gatt signatories which is

established under the code. connection between subsidies to the right option.

process of restructuring the industry) and the level of European steel exports to the U.S. It is also open to doubt whether the American industry visional; later in the yesr the U.S. International Trade Commission will make a final determination about material

The Europeans suspect that the U.S. industry's objective is not so much to apply the Gatt rules as to secure, hy one means or another, a permanent and significant cut in the share of imports in the domestic U.S. market. Before last Friday's ruling, last-minute efforts were heing made to agree on a system of voluntary export restraints, but the Europeans refused to go as far as the U.S. wanted either on the product coverage of any restraint agree-ment or on the quantities

The central weakness of the American steel industry, as it is in Europe, is high costs and low productivity. The process of closing obsolete plant and modernising production methods is far from complete. It may be that, even after modernisation, American costs will still be too high to prevent-without pro-

Temptation

As long as European subsidies continue, the Americans will bave a powerful weapon in their campaign against imports; this is one reasan for phasing the subsidies out as quickly as possible. Moreover, at a time when steelmakers throughout the world are operating far, below capacity, the temptation to dump steel in export markets is very strong. What matters is that umair subsidisation and dumping should be dealt with under internationally agreed rules. If there is doubt about how the rules should be inter-In the steel case there is preted, machinery is available to room for argument about the resolve it. Recourse to Gatt is

The last chance rescue

AEG-TELEFUNKEN

By Kevin Done in Frankfurt

Germany's higgest post-war industrial casualty in its board's latest hundle of surgical measures finally deliver it from the intensive care unit? Two and a half years ago AEG's hanks, helped by an un-precedented "one-off solidarity

action" from insurance groups and leading West German industrial concerns, poured around DM 1.4bn (£328m) into the company in new equity and soft, unsecured loans. The rescue was supposed to show that in adversity West German private enterprise was in a position to. support its sicklier members and nurse them back to health without having to fall back on the ultimate emergency ward.

The attempt has failed Last year the hanks had to write off DM 240m of credits to AEG just to belp the company balance a further year's enormous losses. Today the AEG begging howl is officially out again, this time seeking contributions not only from the hanks and the private sector, but also from the workforce and above all from the state, both the central government and the

provincial states.

The group has for many years suffered from a chronic forcing it to he fatally depen-dent on debt financing which has given rise to enormous charges. (Cash-rich Siemens by contrast has. impressive interest earnings). Dividends paid from the late 1960s to 1972 were never earned the last dividend was paid in In the 1970s it lost large sums

in its involvement in the nuclear power industry, even-sales, 80,000 customers and tually having to sell out its activities abroad in 154 counshare in Kraftwerk Union to its tries. partner Siemens at a major loss. A string of acquisitions in 83" household appliances were exist never properly consolidated parts while: in. consumer electronics AEG has lacked the volume to compete effectively in world

The first in line to be called on for further sacrifices are the banks-AEG's 24-member banking consortium led by Dresdner Bank. The bankers meet today. at Dresdner Bank's Frankfurt headquarters for the latest in an interminable series of crisia

Over the last two weeks the bankers have been informed first by-letter-and then in two and hy Hans Friderichs, the would bave sales next year of former Federal Finance Minister DM 11.2bn and a workforce of ruptcy.

is planning to celebrate its cen- of DM 300-400m.
tenary. Whatever the success of The success of this venture the new corporate strategy, it is hinges on attracting a powerful . clear the AEG that enters 1983 industrial partner as well as on will be a very different entity pushing through an array of from the company which form- financial measures that would ally exists today _____once and for all free the operat-



Heinz Durr (left), AEG's chief executive, and Hans Friderichs, chairman of Dresduer Bank-on alarming tightrope walk if they are to succeed in pushing through their new survival strategy

THE SHAPE OF AEG-83?

ment),

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Bavaria.

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ing electricals giant, which with worldwide sales last year of DM 15.4bn and a workforce of 123,700 at the end of Decem- of its individual products. ber, ranks fifteenth among West The fairy gramother Germany's biggest enterprises. With a sprawling unwieldy organisation, AEG has nearly 90 different locations in the Federal Republic alone for manufacturing, research and sales, 80,000 customers and

The centre-piece of "AEGis the plan to split the existing company into three parts, a holding company and two major operating companies, AEG-Technik and AEG-Konsum.

AEG'a consumer electronics interests, represented by its Hanover-based Telefunken subsidiary, no longer play any role in the corporate game plan. The losses of this subsidiary alone bave been sufficient to threaten the existence of the whole com-pany and the AEG executive board is determined to dispose of the problem, preferably by giving up a majority holding to ontside interests.

The core of AEG'a traditionalpreparatory meetings about the activities in electrical engineer-bundle of conjuring tricks ing would be represented by dreamt up by Heinz Dürr, AEG's AEG-Technik, a company that chief executive since early 1980, according to the corporate plan Bank and chairman of the AEG which would take in all AEG's supervisory board to save the interests in industrial systems, company again from bank- would still bave several vulnerable points, but overall it is The rescue measures go expected to record a small profit under the slogan "AEG-83," this year, and next year the ironically the year the company plan forecasts a pre-tax surplus

Dur and Friderichs are ing activities of the burdens-of finally taking the axe to the all-past blunders, a legacy that has brought AEG to the very brink of financial collapse, whatever the undoubted merits of some

> The fairy godmother management's version-or the carpet-bagger - the workers' version-waiting in the wings to take a stake of 40 per cent in AEG-Technik is Lord Weincash-rich General stock's Electric Company (GEC) of the

> In menths of talks Durr has become a great admirer of Weinstock's decentralised management philosophy and he plans to split AEG-Technik itself into seven separate operating units covering the major areas of activity.

held 50 per cent by the banks,

50 per cent widely spread.

Minimal functions, small staff,

three-man board consisting of

chairman of AEG-Technik, chairman of AEG-Konsum,

and a finance director. Will

take over responsibility for claims of 27,000 existing AEG pensioners. Will also hold

probably a minority stake in

sent brown goods subsidiary

-televisions, stereos, radios

AEG-TECHNIK:-S h a r

trial groups, 50 per cent AEG

Holding, Forecast for 1983: turnover, DM 11.2bn; pre-tax prefit, DM 300-400m; work-force 80,500.

and video recorders.

GEC is undoubtedly the similar character to equity front-runner as the new industrial partner, but should this hid atumble, United Technologies of the U.S. and West Germany's Mannesmann have been mentioned as possible

Provided that the whole rigsaw planned by Dürr and Friderichs finally falls into place it is understood that Lord Weinstock has already agreed to buy a 40 per cent share of the planned nominal starting capital of AEG-Technik of DM 750m. The actual purchase price would be somewhat

Major product areas: power

systems, defence

telecommunications

distribution, railway and road

information systems (Olympia

industrial

systems, standard products

AEG-KONSUM:-Shares held

at least 50 per cent by AEG

various state governments, in

Forecast for 1983: turnover

DM 3.3bn, workforce 19,500,

losses probable in at least first

year of operation. Major pro-duct areas: white goods— cookers, fridges, freezers,

Market leader in Federal Republic ahead of Bosch/

machines, dish-

built-in kitchens.

Miele and Bauk-

(components and cables).

information

capital. Apart from GEC Dürr and Friderichs are also hoping to persuade the insurance companies and industrial groups

act at the end of 1979 to take 10 per cent in AEG-Technik. Instead of providing new money—a further injection of equity capital had been rumoured at one time the banks are to be asked to forego interest payments on existing credits of DM 1.75bn for five years, an interest loss for the banks and a corresponding gain higher than the nominal sum for the company of as much as of DM 300m. In addition GEC DM 400m. For a further five would make an interest-free years the credits would pay "subordinated" loan" of interest of others.

In addition, following the writing off of loans worth DM 240m last year, the banks are being asked to write off a further DM 260m in 1982 to help balance AEG losses expected this year of more than DM 450m The banking consortium, which after pumping in

that supported the last rescue

one Swiss member.

At their meeting today they can stall for time—taking the plans back for in-house discussion—but eventually they appear to have little choice but go along with the concept of "AEG-83," clearly insisting on the one major pre-condition that all other parties involved also agree to make their respec-

The other key to AEG's survival must be found in Bonn and in the capital cities of the various provincial states, which have the mixed blessing of playing host to AEG manufacturing operations. AEG is seeking federal state guarantees of at least DM lbn to cover new

the drastic corporate restricts-

From the various provincial governments ABG is seeking aid totalling around DM 400m. not only be the form of state gramantees, but also in the form of equity participation particularly in AEG-Konsum. Paractiment of the company, which might have a nominal starting capital of DM 400m, will group together all AEC's existing household appliance or white goods interests.

The household appliances division has been one of the group's chronic loss makers, with a deficit last year of around DM 100m. But the company believes that it can be pulled round although it could take a couple of years to get it back into the brack

· A drastic restricturing has already been started to cut back the number of manufacturing locations currently spread across 12 different towns throughout the country the closure of one plant in Tübingen and total job losses of up to 1,600 in this division have already been amounced in recent days.

In consumer electronics or prown goods — televisions video recorders, radios, stere —by contrast, AEG has accept that it must throw in the towel Its volumes of production are simply too small to allow if to compete with the grants of the industry from Japan. Further or

For many months it has been negotiating the disposal of Tele-tunken to Thomson Brandt, but negotiations with the French group were suddenly broken off late last month. AEG is now hopefully looking for a national German solution." and preliminary talks have begun with Grundig, the privately owned German consamer electronics group, in which Philips of Holland helds a stake of nearly 25 per cent, and which ranks as number two

The strategy behind "AEG 83" would equip the operating companies with interest free starting finance of around DM 3bn, that woold have the character of equity capital.

in Europe.

Equally important, the operat ing companies would be freed of AEGs other perennial prob-lem, the funding of pensions claims. Under funding of pensions rights amounts to ground DM 2 bn, and help to carry this weight will be sought from West German industry's co-operative pension fund...

Diller and Friderichs face an alarming tight-rope walk if through their new surviva strategy, and opposition is already forming. Leaders of the workforce have rejected the plan, expressing fears last week that the involvement of GEO and Lord Weinstock's manage ment techniques would lead inevitably to further massive job losses. The workforce has already shrunk from 163,000 in 1978 to just over 123,000 by the end of last year.

held 40 per cent by GEC (or some other partner), 10 per cent by consortium of West German insurance and indus-

Men & Matters

Barbican blues

My man in the theatre, who cheerfully admits to a chronically underdeveloped sense of direction, has been having trouble in the Barbican Centre, Flowering where the Royal Shakespeare Company opened last week.

Sitting through seven hours of Shakespeare's Henry IV Parts 1 and 2 proved less of an endurance test than finding a lavatory, ohtaining a cold lager, or even buying a box of matches. Stories bad been received of half the cast being stuck in a lift for 20 minntes in full medieval hattledress during the previews.

The lifts are indeed fraught with danger. Some of them visit only balf of the eight floors. My reporter, who frequently braves the wilds of Glasgow, Oldham, Leatherhead and the National Theatre, entered the huilding on Level 7 last Wednesday night. The bar on Level 3 was shut, that on Level 5 bad no matches. The studio theatre, The Pit, be was told, was on Level 2. Descending by mistake to Level 1, be found The Pit. He is still unable to report on what bap-

pens on Level 2. all sides. Distant voices eclosed in the dark. "Which is the way to St Paul's?" be hollered to cultured matchstick-revellers on other concrete planes. Answer came there none. Copy deadline was the only reality that

approached.
Then: out of the gloaming drifted a girl on roller skates. her apikey blonde bair topped with the regulation Walkman, hy a hrand name which is 50. Did she live here or was she years old this year. They are lost too?. Was a critic to be saved or even mugged? She not exploit these fallow assets. stopped and issued lucid instruc- Before putting in their bid they

tions. This was music more welcome than the palm court trio regaling Barbican Centre customers from some undiscovered bourne of orange carpets, perhaps on Level 2.

bush

What's in a pame?" Well, around £1.5m actually, plus extras. That is if the name ia. Bush and you are a young electronics company worried by the increasing preference emong consumers for established brand names. Interstate Electronics, run by Mark Futter, 27, and Richard Schlagman, 28, was doing quite well out of designing radios, cassette recorders, clock radios and the like, and getting them made in the Far East, but it was hardly in the Philips, Thorn, Pye league.

When Rank decided to get out of the husiness last year and sell off Bush, Futter and Schlagman were less interested in the factory and work force than in the name, and, in a rare auction, their hid—no one argues with £1.5m— 'was accepted against much opposition.

After the opening of Henry.

After the opening of Henry.

IV. my.critic took a taxi back to to St. Paul's?" he hollered to The next night, taking a deep breath after the studio theatre opening, be relied on his feet. Illuminated stairwells of Barbican apartment hlocks loomed on alligides. Distant princes actually the whole affair set comediants thing of a precedent. Futter and Schlagman, could find no one in the City to advise them on the value of a brand name and they out how much the Bush name would he worth to their range.

There whole affair set comething of a precedent. Futter and Schlagman, could find no one in the City to advise them on the value of a brand name and they out how much the Bush name. The whole affair set somebeen on target. In a tough market for electrical goods they have pushed no sales by 62 per cent and are now welcomed by leading multiples such as Boots, Currys and Lattlewoods. Turnover this year should top £8m. Futter and Schlegman, or rather Bush, have been able to add more lines and distributors through the confidence inspired amazed that more companies do

They obviously deserve recognition but how does she tell them apart? SERVANTY

showed that Bush was second only to Philips in public awareness, despite its lack of edvertising in recent years. This is about to change. Bush is to flower again publicly.

Scot to Scot

Ian Denholm, who will succeed Lord Incheape next June as chairman of P & O, June as chairman of P & O, Britain's largest shipping company, is a man of impecable Scottish and ahipping credentials. Described by his colleagues as a "quiet, but very firm, man," he is a past president of the Chamber of Shipping (now the General Council of British Shipping), and has been associated with P & O in a non-executive capa-P & O in a non-executive capacity, first as director since 1974. and for the past two years, as deputy chairman. He joined the Glasgow-based

Denholm family group of companies in 1950, after four years in the Merchant Navy, becoming

chairman of Denholm Ship Management in 1972. The "very private" Denholm companies specialise in the management of other people's ships, where it bas the reputation of being large and highly efficient.

The announcement at the

P & O AGM last week that Im-Denholm, 55, will be chairman and chief executive of P & O— reverting to the P & O style of an executive chairman before Lord Inchcape switched to the non-executive mantle last year -means that Denholm will almost certainly have to make London his first base, sacrificing the pleasures of his home in Lochwinnoch, Renfrewshire, and his hobbles of sailing and fishing, at least for some of the City speculation has been gel-

ling around Denholm as the successor to Lord Inchcape for the past few months. He is expected to continue the policy of a firm shipping bias at P & O, supported in the management of the shipping and other business interests of P & O by the three new managing director appointments, also announced at the AGM. They are Mr Derek Hall, Dr Rodney Leach, and Mr Malcolm Paris. at present all executive direc tors. The interest, however, will centre on Denholm, to observe how his style will differ from the withdrawn but tough Scottish laird.

Untitled

City stockbroker the Honour able Mervyn Greenway, a man who is appropriately fond of a bet, has just advertised in the Fulham Chronicle for a namy. He was very excited a day or two later to get a letter 'addressed to "On the Ball," M. Greenaway. Had he at last won that tricky guessing game? No, it was just an invoice from the Chronicle obviously has a casual way with

Observer

elleup

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The United States

Since President Reagan swept to electoral victory, 18 months ago, everything has not gone according to plan. With mid-term elections taking place this year, the Republican Administration is looking increasingly vulnerable on the political front.

Wary eye on the opinion polls

RONALD REAGAN'S America is not to everyone's liking. In the eyes of many Europeans, it is dangerously over-obsessed with military power - to the extent that the techniques of fighting (and winning) a nuclear war have become a legitimate topic for debate in Washington - and potentially

In the U.S., his critics contend that President Reagan is a rich man's president, surrounded by a coterie of fat-cat Californians, impervious to the needs of the poor, the old and ethnic minorities — in the latter case to a point verging on racism.

By REGINALD DALE

U.S. Editor

class intellectuals with whom

ment bis policies as because ordinary people disagree with

vidual liherty, anti-Communism,

the family, religion and the

minimum possible interference

government." In common with

many Americans, he believes

that the U.S. is the only true

democracy in the modern world

(which is simply not true) and he has claimed openly that

in people's lives by

America is the world's

pioneering

free enterprise, indi-

tend to identify.

Mr Reagan would strongly contest all of these allegations. Indeed, he has gone to considerable lengths to rebut them in recent months, particularly as the extent to which they could damage bim politically bas become clearer. He resents it that he has not always been

It is easy, particularly for criticise President Reagan. But it should not be forgotten that few Americans can legitimately claim that they did not know what he stood for when they voted him into office in November, 1980

He has been more true to his campaign promises than almost any other modern politicianand he still believes that the American people gave him a clear mandate to do what be said be would do.

Nor should it be forgotten that Mr Reagan's values do represent those of a vast number of Americans outside the East Coast upper-middle bastion of freedom."

He believes that if only the initially seen as the moment at to plan for Mr Reagan and his Third World would embrace which the Republican Party Republicans in the last year, these values the problems of would consolidate what was would rapidly disappear and Communist world-wide expansionism would suffer a mortal blow. He believea, in any event, that Marxist-Leninism is close to its death throes.

Mr Reagan is surrounded by advisers who tend to have earned their riches as successful businessmen — sometimes, it seems in Washington, by rather dubious practices. The ethos of the Reagan Adminis-tration is Californian — and therefore less naturally sympathetic to Western Europe than many of its predecessors and big business.

Its members tend to be peopla tho have little nationwide political experience, and certainly little experience foreign affairs, and who believe that America is 100 per cent right about everything.

Mr Reagan has become in creasingly aware, however, that their European counterparts in domestic political terms his Administration is vulnerable to If Mr Reagan's standing is slipping in the opinion polis accusations that it lacks a human face. For several months and it is it is as much because now, he has both stepped up be has not managed to implehis initial sparse exposure to television and the Press - with particular stress on the "caring" nature of bis policies. He has gone out of bis way to black and female voters.

This, after all, is an election year. In November, the whole of the 435-member House of Representatives and one-third of the 100-strong Senate, will be up for re-election. It was at this point that Mr Reagan's Republicans intended to stage the major political coup that many years ahead. Off companies auction
The mid-term elections were Synthetic fuels cutback

slide in the 1980 Presidential elections, extend its grasp over the senate, and seize control of the House of Representatives.

Legislation would then comfortably be passed that would ensure that conservative values were embedded in the American way of life for years to come.

If that was really the game plan — and many Washington Democrats certainly believe that it was - it is not looking as good as it once did. Not everything has gone according

Last summer Mr Reagan was riding on a wave of success, in which be had overwhelmed the Democrats so that they were in total disarray. He bad laid the programme with smashing Congressional victories on both tax and spending cuts. He had done so with the help of rebel conservative Democrats, who that their often Southern con-

His political estuteness has no means disappeared, but be initial spectacular suc Administration faces a hard slog getting its policies through Congress. If all has not gone according to plan, it is largely because entered far more intractable reoutside the Administration ex-

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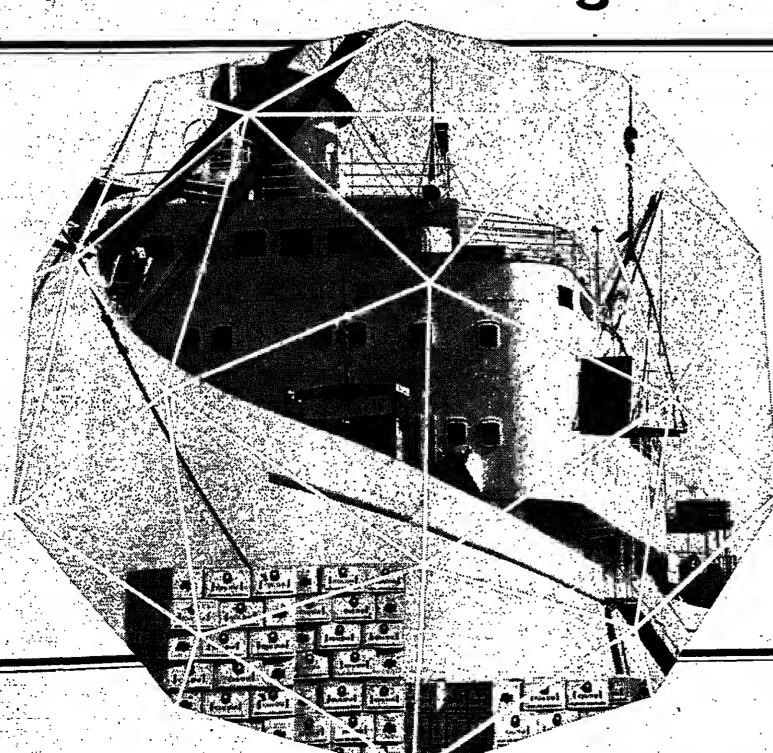
Social trends: Population flight to sunbelt Real estate setback

Foreign policy: softer line with Moscow



President Reagan faces a serious political problem. If the economy fails to pick up much by autumn the Democrats can argue that Reaganomics has failed. It is now more difficult to blame the recession on the Carter Administration.

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reject Jimmy Carter?

np in November. At present

Carter's nightmarish confronta

Yet, for a year after Ronald Reagan's landshide election on

November 4, 1980, it would have

seemed absurd to wonder

whether the Reagan victory

might have been mainly a

consequence of the Carter

tor," the first man since Jack

Franklin Roosevelt) to establish

a direct rapport, almost a per-

sonal friendship, with tens of millions of American voters.

a man who represented an ideal.

a sea-change in America's whole

political and social environment.

not just believe in his ideals

of economic self reliance, tough minded patriotism and

traditional morality—be seemed

to personify them in his very

Throughout last year, it was

almost taken for granted among political pundits that Ronald Reagan was much more than

a consummately effective poli-

Again, like Kennedy, he did

More importantly, he was also

the great communica-

(perhaps since

defeat.

Kennedy

the hostages in Tehran.

THE FINANCIAL STAT

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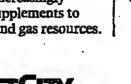
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of Texas.



Even hard-core supporters are now restive says Anatole Kaletsky

The Reagan realignment

runs out of steam

Mr Alexander Haig, Secretary of State, and Mrs Jeane Kirkpatrick, U.S. ambassador to the UN: softening up the hard line

tican who happened to be in find a satisfactory place in a the right place at the right time; Rather, he was described as the precursor of an historic "political realignment" which could change the face of Ameri-

The talk of realignment was not just wishful thinking by the rapidly growing number of inservative commentators in Washington.

can politics for many years to

Evidence

There has been growing evidence since the mid-1960s of a breakdown in the traditional coalition of manual workers, ethnic minorities, intellectuals southern conservatives which had made the Democrats the "natural party of govern-ment" in the U.S. for the past fifty years. But it was by no means clear until the Reagan victory, that conservatism, both ithin and outside the Republican party would be the U.S.

What Reagan succeeded in doing was not only to bring in were widely hailed as evidence on his coat-tails the first Repubof the great conservative relican majority the Senate had alignment. By his very success seen since 1952 but within in implementing a highly conweeks of the election he had. also organised the House of Representatives, in which the that it was unquestionably and Democrats still had a 26-seat specifically this programme that majority, into a reliable ally by the nation had mandated in enlisting the support of about bringing him to office. 30 conservative Democrats from

political system's new dominant

southern states. This group, nicknamed "the boll weevils," after an insect gress. Mr Reagan had exhausted pest which periodically wreaks too much of his goodwill and

in President Reagan. A powerful anomaly in partially successful.

American politics, with their small-town religiosity, their opposition to civil rights legislation, their resentment of the later and the policy defeat in Congress over lation, their resentment of the later and the later and the later and the later and later an Federal Government (dating warning aircraft to Saudi back to the Civil War) and their Arabia and he was actually fervant anti-Communism, they humiliatingly rebuffed when he

political spectrum defined by progressive Democrats at one and internationally minded Republicans identified with "big business" interests on the other.

With the "boll weevils" behind him, the Democratic Party establishment totally demoralised, and the Republicans backing nim to a man, despite serious misgivings about the prudence of his swingeing tax cuts, President Reagan wona series of spectacular budget victories in the Congress.

They culminated in July last year with a budget bill which cut \$35bn off non-military spending and added \$18bn to the defence budget.

Most importantly and controversially, the Congress approved a \$749bn package of tax cuts over five years, which many feared would produce budge deficits approaching the unpre cedented level of \$100bn.

In the process, it was said, be was changing not just the economic environment, but the whole nature and scope of government. At the time, these victories troversial programme, President-Reagan reinforced the conviction

It soon began to appear, however, that in ramming his budget through an uneasy Conhavoc on the Southern cotton energy. When he came back crops, found a natural leader for another \$13bn of spending cuts in the autumn he was only

possibility of cutting social security per As President Reagan began to flounder in the face of tradi-tional centrist and left-wing opposition in Congress, his hard core conservative supporters,

too, became increasingly restive Since the end of last year, conservative think tanks, "night to dife" anti-abortion dobties, and religious groups, sich as Rev. Gerry Falwell's, "moral majority" have complained vociferously that, in his preoccupation with economics President was neglecting social mandate.

There have also been sharp personal accumations from the extreme night against the President's White House entour in which many band line "Reagenauts" have been pushed out by "moderates" originally loyal to Vice President Bush, or even to former presidents Nixon and Ford

The most prominent example was the removal of Mr Richard Allen, the President's original. And highly conservative, National Security Adviser who repeatedly classicd with the "moderate" Secretary of State, Mr Alexander Haig

The same trend may now be going further, with Mr Haig apparently succeeding in minimising the foreign policy roles of Mr Caspar Weinberger, the hard-line Defence Secretary, and Mrs Jeane Kirkpatrick, the outspoken and aggressive ambassador to the United Nations.

A reverse

In fact, foreign policy has been the area in which Ronald Reagan's vaunted conservative realignment has been most rapidly and clearly reversed. popular mandate for the projec-tion of U.S. military power first became obvious as the war in El Salvador intensified before the U.S.-backed elections there,

Opposition has grown repidly in Congress, the media and opinion polls to U.S. aid, never mind direct military assistance. for the anti-Communist regime in El Salvador.

Mr Reagan's political advisers in the White House rapidly concluded that El Salvador was an unpopular issue and encouraged the President to steer clear of it, leaving its handling entirely to Mr Haig.

What the response to El American public remains deeply hostile to militarism after the disastrous experience of Vietnamthe oth degree by the unexpected efflorescence of anti-nuclear movement.

Mr Reagan's response to the adept, but he is unlikely to kill it into quiescence without still further progress on arms con-trol. In any case, Mr Reagan's immediate acceptance of the movement's legitimacy, shows how much has changed sino those early heady days of 1981. Not even the President him-

self seems to cling any longer to the unquestioning belief that he was given a mandate in 1980 to push the country far to the right along every social, ecohad for many years failed to asked Congress to consider the nomic and political road.

\$200 \$120

Any Company Looking To Invest In An American Location Should Examine ICIs Success In Virginia. TOTAL OF THE TACHT AND THE STATE OF THE STAT

years as ICI has in Virginia: it has to world's largest chemical companies have fair times and an excellent labor strongly believes Vitginia's livriness. Threater for Europe Varginia Division dimension for the mention climate will continue to encourage and of Industrial Development. Dept. 18 shilled productive embloyees.

Roger B. Sammon Vice President and General Manager Films Division ICI Americas Inc.

Variona every European corporation government that's cornervative poness should light it all began when imperial and har to all growing enterprises.

Chemical industries PLC first located — For example, Vinginia offers a tax in the state and opened a 355 million' structure, that's appealing to new plane to produce polyester film for the businesses without unlimit; taking photographic teprographic, electrical existing industry to help subsidies and magnetic recording tape markets — special incentives.

ster this growth.

Many European firms are discovering state government that understands. what it takes to tun a business. We've There's a successfully coming out of business for almost 400 years, with a government that a conservable nonest books likes. It all began where imperial and lair to all growing enterprises.

dustry discides to locate here, state indistry declars to locate the state, state, and local governments concerns with besidess leaders to bely with from angular construction and employment.

Consider these statistics with the light that tries 50,000 new people engine the state's job market annually and it's

business climate, contact Denis Rulin 479 Avenue Louise, BTE 55, B 1050 Brussels, Belgium Telephone, 648 0036



Opinions are sharply divided on whether its latest bout of strength will continue. David Lascelles reports.

Judging the value of the dollar

policy of not intervening in the tion of martial law in Poland exports of services foreign exchange markets either last December. But each time On the other sid in defence or support of the dollar has been highly controver- sided. because other leading nations are intervention-minded but because the dollar's recent strength has made life hard for

While the Administration said at the recent Versailles summit the it was willing to join a study of what could be done to increase international monetary co-operation, this did not mark any major change in policy. The Administration is too closely wedded to free mar-ket principles and at the moment, too concerned with

domestic matters to do that. Officially, all it has done is to "We are ready if necessary to use intervention in the ex-change markets to counter disorderly conditions." Previously it would only intervene in emergencies, which is much the

same thing.
The Federal Reserve Bank of New York, which implements foreign exchange policy for the U.S. Treasury, confirmed just as the summit was getting under way that it had not intervened over the dollar since the attempt to kill Mr Reagan 14 moments when it stood by in plus early this year thanks to to commit themselves strongly.

the crisis in the markets sub-

sharply against major curren-cies since Mr Reagan took office. It reached an initial peak in mid-1981 when it showed gains of about 30 per cent against sterling, the D-mark and the French franc, and about 20 percent against the Swiss franc and the yen. By the end of last year it had shed about a third of these gains, only to recover much of them in spring of this

Pressure

Greatest upward pressure has come from U.S. interest rates which have been at or near record levels most of the time Mr Reagan has been in office. But there has also been strong investment demand for the dollar because of the apparent cheapness of U.S. assets and America's appeal as safe haven in a turbulent world.

Given the declining rate of

THE REAGAN Adminstration's emergencies, like the imposi- smaller oil imports and strong

On the other side of the market, foreign currencies have been weak because of economic The dollar has appreciated problems in Europe and Japan and their relatively lower interest rates.

The big question now is whether the dollar's latest bout of strength will continue. Opinions are sharply divided. A large segment of the market believes that the dollar is overvalued. Assuming that U.S. interest rates comme their hesitant downward course and an economic recovery weakens the U.S. balance of payments, there is reason to believe the dollar, could go down.

If other currencies, particularly the D-Mark begin strengthening at the same time. the change in parities could be significant. Some bankers are predicting DM2 to the dollar, a fall of about 15 per cent from recent levels. The dollar's de cline against weaker currencies like sterling and the French franc would be smaller.

On the other hand, the market inflation in the U.S. real yields has been saying that the dollar on dollar assets have been ex- is overvalued for a long time; tremely high. At the same time, and the current ancertainty the U.S. trade picture has been about U.S. economic prospects attempt to kill Mr Reagan 14 stronger than expected. The cur- and interest rates has made months before. There had been rent account remained in sur- businesses and traders rejuciont The true testing point for Reagan's policies will come towards the end of this year, says Anatole Kaletsky

Critics point to bitter fruits of 18 months of 'Reaganomics'

mess by almost any atandards. Output is weak, vital industries are tottering Government has lost coptrol of its own finances, interest rates remain at record levels relative to inflation and unemployment is scaling new peaks almost mouthly.

To Ronald Reagan's detractors these are the bitter fruits of 18 months of "Reaganomics."

According to the conventional wisdom of traditional economists, President Reagan's highly personal hlend of giveaway "supply side" tax policies and relentless monetary deflation bas set no a clash hetween an irresistible force and an immovable object-a clash with economic devastation as its only predictable consequence.

To the American business community and the public at large, bowever, Reaganomics still appears to inspire hopes for a lasting cure to the lasting cure to the economic malaise which many now regard as too deep seated to be judged by the latest-hlip in the inflation rate or the index of leading economic indicators:

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2 4000

The public gauges this malaise most directly in terms of the growing rates of unemployment and inflation during the past 10 years.

Unemployment, now at 9.4 per cent, is exactly double the average between 1963 and 1972. Inflation, as measured by the broadest and most stable index, the ac-called GNP deflator, was

9.2 per cent in 1981.

Although the inflation outlook has improved greatly in recent months, the International Monetary Fund said a month ago that the GNP deflator will rise by 7 per cent this year.

Like the unemployment rate, this measure of economic discomfort would be exactly double its average rate between 1963 and 1972.

These, of conrse, are troubles which the U.S. sbares with the whole world to a greater or lesser extent. One just has to look deeper and further back in history for the U.S. economy's more specific and arguably more serious afflictions.

For more than 20 years now the U.S. economy bas grown more slowly than that of any other major industrial country. with the exception of Britain's. The U.S. performance on pro-

economy is in a productivity has languished well leaders, can reject so categoric-most any atandards behind even the dismal British ally what he calls the "politics eak, vital industries level: between 1962 and 1981, as usual" of previous administrations. output per man-hour in U.S. manufacturing Industry incompared with 97 per cent in may appear to be in the short Britain, 153 per cent in Gerterm. many, 162 per cent in France. The key objective of these and no less than 396 per cent

> unequal progress could be overlooked because of the huge the U.S. started.

The general view was that countries such as Japan and according to Reaganomics, is to France, which began from much cut taxes sharply on both perlower base levels, would display higher percentage growth rates: for a while as they caught up with American technology, but other measures in President that these would start to flatten Reagan's armoury of supply out well before U.S. industrial superiority was seriously

challenged. ductivity growth gap has teoded costly and complex environ-to widen in recent years. From mental restrictions on bow in-1977 to 1981, for example, productivity grew at just one of welfare benefits to increase quarter the rate of the previous the willingness of the labour five years in the U.S.

In France, the productivity growth rate balved in the same period, while in Japan it hardly

fell at all. Long-term trends like these have only recently begun to register with many U.S. businessmen and politicians as a result of world recession, a savage squeeze on profits and the increasing exposure of U.S. markets to international competition.

Unemployment, now at 9.4 per cent, is exactly double the average between 1963 and 1972

Without the growing anxiety about America's relative economic decline, the public and the business community might have been less tolerant of wbat, from the European perspective, appear to have been the desparately risky experiments of

It is because of this public

trations and insist that there is no alternative to his new creased by only 61 per cent, policies, however painful they

new policies is to raise produc-For most of the 1960s such lieves that the way to do this nequal progress could be over is by increasing monetary re-President Reagan bewards for individuals and comadvantages, in terms of both panies who improve their own industrial productivity and ability to supply the products living standards, from which and skills which the economy

requires.

The main way of doing this. sonal incomes and corporate

There are, to be sure, many policiea: deregulation of :slde industries which have heen protected hy government from In fact, however, the pro- side," policies: deregulation of dustries can operate; reduction force to work for low wages.

But, in essence Reaganomics stands or falls on the ability, of a 25 per cent personal tax cnt between 1981 and 1983 and even larger cuts in corporate taxes to revive America's productivity and entrepreneurial These tax cuts were passed last August in the Economic Recovery Tax Act, a law which, as its title suggests, is the beart of the President'a recovery programme.

President Reagan's faith in the long-term benefits of his tax cuts cannot be stressed too much. For it is this faith which gives him the will and confiecocomists, Democratic and Republican establishments in Congress and much of the financial community in Wall Street, all of whom hlame the budget deficits which these tax cuts are bound to create for the economic damage that Reaganomics has wrought so far.

The Economic Recovery Tax awareness of past economic 1983, \$139bn in 1984 and \$177bn and investment goods continnfailure that. President Reagan, in 1985. It is these enormous ing to languish, while consumer like Mrs Thatcher in Britain, and growing revenue losses and service industries thrive. The growth of manufacturing; but unlike many other world which account for the unpre-

ject in the hudget which he presented to Cougress in February this year.

It was these unpalatable deficits of around \$120bn in 1983, and probably more thereafter, according to independent forecasts, that made Congress reject the Reagan budget in April, locking the country into the hudget stalemate which hasdone so much harm to financial confidence around the world in the past few months.

But it is still too early to say which way the final verdict on the Reagan tax cuts should go. The decision to announce such sweeping programme as much as three years in advance, leav-

The main objective of the President's economic policy is to raise productivity

ing no scope for fine toning in accordance with how economic develop certainly seems to have unsettled the financial markets. This has probahly caused interest rates to remain bigher than they would bave been in the absence of the tax reform plans.

On the other hand, economists most persuasions, including monetarists. Keynesians and supply siders," agree that the first two instalments of the personal tax programme-a cut of 5 per cent in October 1981 and a 10 per cent cut due this -will make a major contribution to pulling the U.S. economy out of its present

This autumn there will be an estimated \$45bn increase to dence to clash with conven- after-tax incomes resulting from July's tax cut and a scheduled 7.4 per cent increase in social security pensions. This boost to consumer spending is almost bound to put the U.S. economy back on a growth path for the second balf of this year. Some growth will resume

even if there are no further falls in interest rates in the coming months. But the nature Act will reduce the Federal of this growth will he highly Government's budget receipts unbalanced, with interest-sensiby \$38bn this year, \$92bn in tive industries like bousing cars The real testing point for Europe and Japan.

leaders, can reject so categoric- cedented deficits which Presi- Reaganomics will come towards the end of the year. As the initial hoost to consumption leads to rising economic activity. There will he growing demand for hank credit from industry and consumers.

What will happen when this comes up against the Federal Government's increasing need for credit to finance its deficit imposed by the Federal Reserve Board to fight inflation, with President Reagan's strong support?

Something, it seems, will have to give. Some forccasters helieve interest rates will rise again sharply and the economic recovery will he choked off, to be replaced by a new slump deeper than the last.

The Reagan Administration's official view is that savings will rise sufficiently over the coming months to allow both private and public credit demands to he without pressure on monetary targets or interest rates.

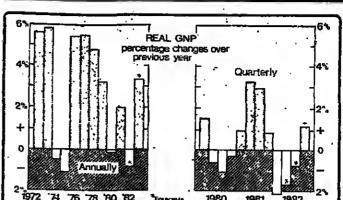
Another view gaining ground in the Congress is that, if all else fails, the Fed will bave to relax its monetary stance sufficiently to ensure that interest

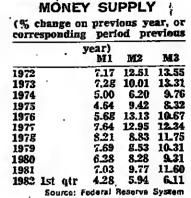
rates do not rebound. While such an idea is anathema to the monetarists in the Reagan administration, it could prove acceptable both to investors and to the Fed if prospects for inflation continued to be as favourable as they appear at present and if the economic recovery this autumn turned out to be relaout monetarists believe that growth in the money supply must inevitably lead to inflation, irrespective of the state economic activity when money supply is allowed to

By the end of this year it may he hard for President Reagan to avoid making, or at least pushing, the Congress and the Fed to make a choice between his tax cuts his commitment to tight monetary growth and bis desire for lower interest rates.

Unfortunately, there is unlikely to he any evidence hy then that Reaganomics, however defined, is capable of producing the long-term structural improvements in productivity which the U.S. will need if it is to avoid heing overtaken hy

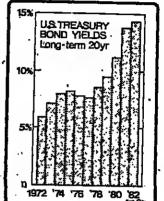


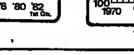






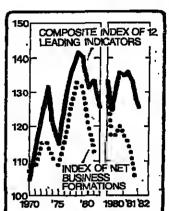
dollar: a deep faith in the ability of tax cuts to revive the economy.





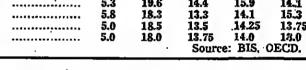
PERSONAL SAVING

(% of disposable income)



300 Prices paid by farmers 1981

1971 73



Japan Germany France

FEDERAL/CENTRAL GOVERNMENT DEFICIT (% of GDP)



Source: OECD, National Budget Estimates, Phillips & Drew,

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No matter how the world solves its energy problems, McDermott is involved. The lack of a clear approach is causing widening rifts between the EEC and Washington. Christopher Parkes explains.

Open trade policy takes a buffeting

generation that trade has become a political issue.

Apart from the long running, broadly three-cornered battle involving the U.S., Japan and the European community, the Reagan administration has been struggling more recently to promote its general policy of upen trade in the face of growing pressure at home for more protection for U.S. markets.

There are also complicating rifts within the administration, where differences between the Department of Commerce, the U.S. trade representatives office and the State Department have been hampering the formation of a clear approach.

Nor are negotiations likely to easy at the November Ministerial Meeting of the General Agreement on Tariffs and Trade (Gatt) in Geneva.

Strive as it might to mainain its open trade policy, the U.S. regularly finds itself furced into the embarrassing position where its markets come under fierce pressure from imports and its leaders are squeezed by powerful lobby groups.

In May for example, President Reagan reluctantly gave his blessing to a proposal from the U.S. Department of Agriculture (USDA) to impose quntas on imports of sugar.

At the time, the world market sugar prices were around their lowest level for two and a half

The limitations of the U.S. import levy system prevented it from effectively protecting the home market, and quotas appeared to be the only answer. Had the limits not been set on imports, the USDA warned, the Government would have had to spend \$1bn this year on support-ing the internal sugar industry. While this instance could be

termed a purely - and an especially embarrassing one since it threatened to set against the U.S. the developing countries exporters." which the U.S. is trying to draw more closely into the world of formalised trading agreementa —the U.S. also has a recept his-

For example, the grain em-

AS THE mid-term congressional the ban on high technology blow the Gatt elections loom, the U.S. is dissales to the USSR in 1978; and settlement procedure, covering for the first time in a the more recent attempts to Washington has not, the more recent attempts to Washington has not, however, hamper the construction of the ignored all the stern words. Soviet gas pipeline.

Such actions have prompted the customers to look elsewhere for supplies, and caused even U.S.'s albes to ponder the reliability of America.

On a recent visit, following since the last war. the ban on the sale of general electric parts and turbine parts to European contractors nn the Soviet gas line, Count Otto Lambsdorff, the West German Economics Minister, bad some harsh things to say.

He said the world had not considered imitating GE technology in this field because it was taken for granted that supplies from the U.S. were secure. If that had changed, he said, the U.S. would find many people around the world think-ing: "Can we rely nn the Americans—or should we hedge

The European community and the U.S. have long been "at daggers drawn" over trade policy. In the past, agriculture has been the main source of contention. But the bitterest row recently has been prompted EEC exports of ateel to the

Earlier in the year the International Trade Commission in Washington received four lorryloads of documents purporting o support charges that, among

Protectionist lobby aimed mainly at Japan

other things, community porters were damaging the U.S. industry by dumping steel. Sir Roy Denman, the EEC's Director General for External Affairs, responded in May with a charge that the U.S. had launched a "massive campaign of barassment against EEC

Claims that the trade was U.S. makers were harming moonshine." he said.

In a blistering and tory of using trade as a political ranging attack on the U.S. he weapon. complaints before Gatt against bargoes used against the Soviet European farm exports Union in 1975, 1978 and 1980: threatened to overload and even

to Washington recently warning that proposed U.S. trade reciprocity legislation would undermine the structure of the liberal tradiog system built up

Promoted by the restive and powerful protectionist lobby and aimed mainly at Japan—a market the U.S. bas been trying to prise open for some years—the original bills were drafted on the principle that the U.S. should open its mar-kets in foreign suppliers mily to the extent that the fureign suppliers opened their markets to U.S. exporters.

In the event, President Reagan's supporters managed to draw the teeth of these bills and the compromise version containing a vital emerged. clause stating that there would be no automatic obligation on the President to retaliate against countries which failed to grant the U.S. full reciprocal trading rights.

The softening process may well have been aided by a warning in the EEC memorandum which said that passage of the bills in their original form would damage the U.S.'s bopes extending Gatt beyond merchandise trade and into services, investment and high

technology.

The fastest-growing U.S. export sector is in services shipping, banking and insurance and similar industrieswhich registered exports of more than \$60bn in 1980 and

Latest figures on high tecbnology exports show an annual surplus of \$39bn compared with surplus on the long establisbed agricultural exports of In spite of this progress and

the fact that about 20 per cent nf the goods produced in the U.S. are exported, the U.S. share of world trade is falling. From the post war boom years, when the U.S. bad about

to around 10 per cent. With newly industrialised and developing countries moving into traditional export markets in manufactured goods, the U.S.

Gatt disputes and high technology exports tiers in the way, and especially to have them pro-tected within the framework of

> Addressing the National Press Club earlier this year, Mr William Brock, the U.S. Trade Representative, said that in order to realise its full potential in products and sectors of growing competitive advantage we must begin to focus on those areas where trade restric-tions still abound."

"This is less a question of resisting renewed protectionist pressure than of addressing barriers which bave rarely before been subject to inter-national negotiation," be said. The peculiarities of the high technology market. Mr Brock said, increased the temptation for governments to protect their

Bitterest row over EEC exports of steel

domestic markets and subsidise the new industries' attempts to penetrate nverseas markets,

Freer access for U.S. services to nther markets was also important not only because of its beneficial impact in helping to offset the national deficit on merchandise trade, but because of the rapid growth in supply, demand—and obstacles—around the world for services,

In the past, the U.S. had relied on bilateral negotiations to remove obstacles to this trade. These are now so widespread, Washington feels, that a formal Gatt regime is needed to control them.

Mr Brock's other main aim is to pull the developing world's trade policies more into line with those of the industrialised U.S. exports to the less developed countries totalled \$89bn last year—more than the whole of Western Europe and Japan combined.

30 per cent of world trade, its risen seven-fold since 1970 and administration's much-vaunted share has fallen in recent years now almost 40 per cent of U.S. exports of manufactured goods goes to the Third World.

The performance would bave been even better, trade officials insist, had there not been so; is keen to nurture its services many tariff and non-tariff bar-

"Frankly speaking," Mr Brock declared recently, "developing countries are conducting their trade . . . largely unfettered by

multilateral discipline.

"We wanted them in the system, and they came as they were—with sky-high tariffs, quotas, licensing systems and a whole bost of protectionist barriers." barriers

Now, the administration feels, the time has come for a north-south round of trade negotiations within Gatt. In November at the Geneva talks, the U.S. is likely to warn that unless third world protectionism is eased, the developing country exporters may find themselves having more difficulty gaining access to markets in the industrialised world.

Trade Department officials claim that progress is being made on all Washington's

Preliminary talks have already been held in the OECD Trade Committee and the Gatt Pre-paratory Committee. U.S. deleates at these talks say that the November Ministerial Session will probably end with a general re-dedication by members to the liberal principles of Gatt.

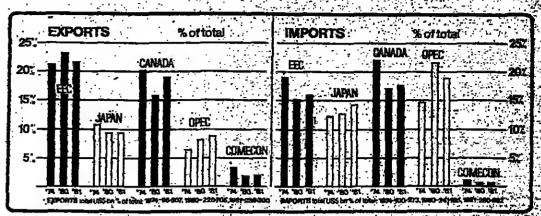
Crucially for the U.S., however, the Ministers are also expected to initiate a work programme for the Gatt which will focus an pressing issues— including Mr Brock's proposals.

"Our strategy is that we bave got to get the system moving forward, otherwise things will start alipping backwards," one

official said. The others seem to be coming along with us . . . not as forcefully or as eagerly as we might like . . . but things are moving." he added.

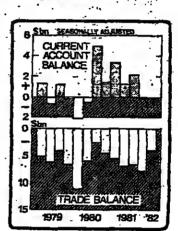
Whether this is enough for Mr Brock is as yet bard to say. He and his team will need tangible evidence of progress at Geneva. He needs evidence which can be taken bome to show the doubters that the trading world is still prepared to resist the protectionist tempta-Exports by U.S. manufactions raised by the pressures of turers to these regions bave recession, and that the Reagan open trade policy is bearing

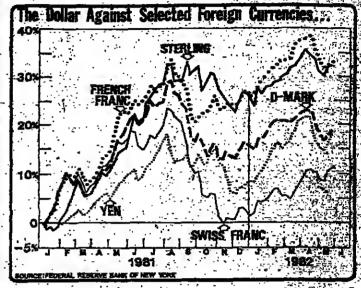
> tionist hawks will move in once again, and Mr Reagan will find it progressively more difficult to





Mr William Brock, U.S. Trade Representative: time for round of North-South trade negotiations within Gait





U.S. TRADE WITH LATIN AMERICA, 1970-80 (\$M)

U.S. EXPORTS

U.S. IMPORTS

1970 1974 1978 1970 1974 1978 4.779 13.867 IX 550 5.695 14.502 20.183 % World trade Agricult ral goods 132 154 140 4.449 10,661 15,549 Manufact'd goods Capital goods ... 2,304 4,947 8,130 Consumer goods 835 1,719 3,950 Intermediater ... 1,838 5,220 5,726 Main groups: 2,186 3,998 6,100 413 1,719 2,099 Food 226 1,362 1,478 Coffee 421 1.313 471 716 2,245 2,679 Sugar.

petrol 1.913 2.332 2.804 Including Central America. † Industrial supplies and materials. Source: Department of Commerce.

The President's deregulation drive began with striking changes but has now run into controversy and has been toned down to preserve the peace and jobs.

Why the banner of freedom waves more feebly

DEREGULATION" was one of the banners under which President Reagan swept to-power last year, bis aim being to unlease America's economic vitality from the shackles of excessive bureau-cratic control.

But laudable though those aims might be, be has quickly learnt that what might be welcome deregulation to one man means polluted air, extra competition or just plain awkwardness to another. And while his deregulation drive bas produced some striking changes, it has also become highly controversial to the point where it has been stalled or consciously toned down to preserve the peace and, in many cases,

The most striking example of this is the banking industry which is straining in be cut loose from major laws passed 50 years ago but has been unable to agree among itself on the kind of freedom it

The large New York banks want the right to enter new markets and lines of business that are not directly related to banking. But they are being vigorously opposed on the first score by regional and small town banks who do not want a Citibank branch across the road, and on the second by Wall Street investment for the second street investment for the second secon ment firms who do not want banks in the securities busi-

As a result, the sweeping reform of U.S. banking law which many banks—with the backing of both the Administration and the regulators are seeking is unlikely to come about in the near future. The most that Congress has so far been able to agree on is a small relaxation of the law to permit banks to offer a limited range of new financial services.

The poor state of the economy has also made the Administration more hesitant shout pushing ahead with deregula tion moves that it had promised or had already been initiated by the Carter. Administration

No more has been heard, for instance, of Mr Reagan's campaign pledge to do away

with the minimum wage because it only served to price the low-paid out of a job. Critics of the Administration also suspect that it is dragging its feet on de-regulation of the transport business which was launched

several years ago.

The Interstate Commerce Commission has been actused of holding back the phase out of route and pricing regulations in the trucking industry. Critics note that the Teamsters Union, which is racked by mass unemployment, was one of the few labour organisations to endorse Mr Reagan's candidacy.

The air and shipping lines have

also been greater freedom to associate them-selves with international pricing cartels, like IATA, a deregulation policies initiated under Mr Carter. The recent collapse of Branss and the pleas of barassed airline executives have not however. prompted the administration to slow up the deregulation of the domestic airline industry where competition's icy blast has led to massive

A slowdown .

The precarious state of the savings and loan industry bas also furced the Administration to slow down the removal of ceilings on the amount of interest banks may pay depositors. Although these are so low that they prevent banks from competing with mutual funds for the saver's doffar, any eating automatically increases banks' funding costs without necessarily increasing their market share. Agriculture is another sector where the pain of deregula-tion appears to outweigh the cost. With granaries building, farmers are suffering from a crisis of overcapacity which

of business. Yet instead of allowing attrition to take its toll as the dyed-inthe wool Reaganites would like, the Department of Agriculture is instituting various crop reduction locentives on top of the price supports

threatens to drive the less

financially secure of them out

which already protect farmers against the worst. Public onteries against the

Administration's proposals to lease large tracts of federal land to minerals explorers have also prompted it to backtrack even though oil companies have warned that this could shut the country off from potential supplies of oil. Energy is, bowever, one area where the Administration can claim to have carried out major pledges and delivered the promised results.

When be came to power at the beginning of 1981. Mr Reagan immediately abolished remaining controls on the price of oil even though opponents argued that this would give a spurt to infla-tion. After jumping sharply, petroleum prices came down again and are now little more than they were a year ago. The economic recession and the

world oil glut have helped.
However, nil imports have declined dramatically, aiding the U.S. trade balance, and domestic exploration and production bave been close to record levels. Whether the Reagan Adminis-

trafion will act with similar boldness over natural gas price controls is another matprice controls is another matier. With an election looming
and file economy weak, the
political constraints againstsuch a move are strong. Some
action may be needed, bowever, to prevent the U.S.
energy pricing picture from
getting too distorted.

or industry, the Research ever-

getting too distorted.

For industry, the Reagan erahas brought some reduction
in regulatory oversight. Key
agencies such as the Environmental Protection Agency
(EPA) and the Occupational
Safety and Health Agency
(OSHA) have spent less time Safety and Health Agency (OSHA) bave spent less time enforcing what they consider to be nitpicking rules, though they are sensitive to charges that they are being soft. Instead, they insist that they are concentrating on the "big picture."

Nevertheless, when the National Highway Traffic Safety

Highway Traffic Agency recently Safety relaxed strength standards for car bumpers there was an uproar from consumer advocates (who made their first reputations over auto safety) and insurance companies warned that while this might bring down the price of a car it would push up insurance

The Securities and Exchange
Commission (SEC) has also
found itself in the thick of
controversy as if thes under
Reagan-appointed Mr John
Shad, to shake off a repute concentrate on bringing to justice "fluse who steel and cheat." Its enforcers dropped a case in which Citibank, New York's largest bank was alleged to have violated foreign tax end exchange control laws on the grounds that it was old and perty Bor it has cracked down on insider trading "and fraud."

Wall St upset

The SEC has shiven to cut down on paperwork by devising the so-called shelf ing the so-called shell registration rule which allows setters of secondies to register for a large bench which they can then market whenever they want.

whenever they want:
Previously, companies had to
register each safe separately
which was coefly and time
consuming. But welcome
though the rule is to seekers
of capital, it has upset WellStreet because it threatens to
deprive investment firms of
underwriting husbress and it underwriting business, and it makes the timing of securifies

issues less predictable.
Contraversy has also surrounded Mr. William Bauter. the new anti-trust circle at the Justice Department who has narrowed the interpretion of the anti-trust fave and toned down his department's regularities of the control of th

down his department's regular tory effort.

Aside from producing more lement sundelines, on what is to be regarded as sundecompositive," he suded two major cases, agreeing on a divestible plant with the first, and I consider the case mitogether. dropping the case sitogether in the second

Vhether the Reman deregula tion drive marks a turning point or just a brief reversal in the inextorable prowift of bureaucrecy remains to be seen. Thus far, it has scored. some successes even if the recession has slowed the pace.

David Lascelles



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European American Bank

Catching up with the Russians

never abandoned the conviction into operation.

Mr. Weinberger, and a team of that he was elected to rebuild Meanwhile, Mr. Reagan is military experts appointed to America's military might after pushing ahead as fast as be can

correct. Not only has the Soviet Union caught up with — the Reagan Administration would say surpassed — the U.S. in nuclear weapons, but world nuclear weapons, out with attention was drawn to the But against this background deficiencies of American conformation of strategic modernisation, calls are increasingly being heard, the Administration

Many Ordinary Americans felt deeply humiliated and resented the suggestion that the U.S. was losing its grap as a have published a stream of stories about anti-tank missiles that bounce off tanks, shells that explode in the gun barrel, and, aircraft that have been given so many roles that they cannot perform any of them efficiently—to name but a few

In all the sometimes bitter debate over the coming year's



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Defence Secretary Caspar use of gigantic aircraft as flying bases for the new MX nuclear missiles.

budget. Mr Reagan has insisted that defence spending must at least go ahead far faster than any other major sector of Gov-ernment activity. If his defence spending plans have run into trouble in Congress, it bas tended to be for economic

rather than military reasons. and budget deficits would miraculously vanish, be would be having much less of a hard time — although arguments about exactly how Pentagon meney should be spent will always be interminable.

His initial plan for next ear's budget called for a record peacetime increase of \$43.7bn in defence appropriations — to \$258bn — and the aim is in boost spending in the coming years from 5 to 7 per cent of gross national product.

To make such vast increases more acceptable. Mr Reagan has consistently taken the line that the U.S. must rearm in order to disarm — particularly in respect of nuclear weapons. The aim is to negotiate with the Soviet Union from a posttion of strength.

Moscow, the Reagan Administration never stops repeating, will have no incentive to negotiate seriously unless it believes the American build-up

is genuine.

Mr Reagan would claim that "Somehow," is the problem.

Mr Reagan would claim that "Somehow," is the problem.

It is already well troversy in the U.S. for many the bas been over, the programme is already well under way. Pay levels in the been sharply increased, bringing recruiting levels up in or above target (balped, of course by over 9 per cent unemployment), improving the quality of the new recruits and generally boosting

Plans are being implemented to reach the goal of a 600-ship Navy by 1990 and Mr Reagan had launched a major, if con-troversial, "strategic improvement programme."

The B-I strategic bomber, cancelled by President Carter, is being reactivated, despite Democratic opposition. That Democrats claim that the bomber is unnecessary, given that an even more modern Stealth" radar-evading bomber will come into service only a few years after the B-1 and that production of the B-1 could actually delay development of

Both arguments are rejected by Mr Caspar Weinberger, tha wkish Defence Secretary, who wants in replace the current ageing fleet of B-52s as quickly as possible. He says that there will be plenty of other uses

has for the B-Is once Stealth comes an acceptable alternative. rears of what he regards as with the new intercontinental irresponsible neglect.

As an assessment of voters launched Tridem 2. He has announced plans to equip the is almost certainly largely Navy with submarine-launched. nnclear-beaded Cruise missiles

and a strong drive to ensure that command and control

systems can survive a nuclear

rescue the hostages from Iran. and from the Services, for a Many ordinary Americans renewed emphasis on conventional forces as well.

Mr Reagan wants U.S. forces in be able to confront the Soviet. Union world-wide as well as to: bave the capacity to intervene conventional. rapidly regional conflicts. Pentagon planners are trying to ensure that the U.S. is capable of simultaneously in widely separated areas such as Western Europe, tha Gulf and

Korea. The service chiefs, perhaps not surprisingly, said last month that if such ambitions were to be realistic they needed.
50 per cent more troops, ships and aircraft than they have now. They do not really expect to get that much—particularly at a time of budget austerity. But it must be doubtful if current American force levels could be stretched to meet such demands.

Among the main elements in the strategy are the build-up of the so-called Rapid Deployment Force, whose primary role is usually seen as the defence of the Gulf oilfields, the acquisi-tion of new bases or staging posts around the world-parti cularly in Africa and the Middle East—and the arming of friendly nations which might belp out in a crisis.

At the same time, military aid and/or arms sales are seen as having the additional purpose of binding such countries more closely to the U.S. and ensuring that they will continue to stay "friendly."

Tha Eoropeans will increasngly be asked to take over the Europe that might be switched to a crisis area. Demands for a more permanent withdrawal of U.S. troops from Europe are again-beginning in he heard in Washington-largely because of resentment at what are seen as soma Western European attitudes towards the Soviet Union. But the Administration has made it clear that it will strongly oppose any such moves to Congress and they seem unlikely to succeed for the time being.
Mr Reagan's most highly

publicised concern has been over the so-called "window of vulnerability." Thia means the period to which, as be sees it, the Soviet Union can destroy most if not all of America' existing land-based inter-continental missile force in a single first strike, presenting Washington with the choice of capitulation or the destruction of many large U.S. cities, in-cloding Washington itself, in a

The "window," according to the Reagan Administration, is already open—hence the need for the new MX missile, which vulnerable than the existing Minuteman force.

Mobile missiles

hasing of the MX. President Capter wanted to hide 200 of the mobile missiles in 4,600 silos in the Utah/Nevada desert, with the missiles secretly moving from hole to hole round a so-called "race-track" so that the Russians would never know exactly where they were. .

The plan had major disadvantages: It would have involved, at vast expense, what was described as "the largest construction project since the huilding of the Pyramids." It attracted vociferous protests from environmentalists and local people (not least the Utah-based Mormon Church); and, its opponents said, i would simply encourage the Soviet Union-admittedly also at great expense - to build enough extra warheads to overwhelm the whole system.

Partly on these grounds, and partly because he did not want to proceed with a plen tainted by President Carter's defence policies. Mr Reagan rejected the extravagant scheme. It has proved much more difficult than

survivable " bases. favour the bizarre solution of putting the missiles on a new type of gigantic aircraft, con-standly patrolling the oceans, from which the missiles would be fired at high altitudes.

Mr Reagan has asked the

particular attention to the so-called "dense pack" notion whereby the massiles would be chistered close together on land and protected by inter-ceptor missiles. The theory is that incoming Soviet warheads would have to be targeted so close together that the first one to explode would destroy all

The lengths to which the Administration is going in find a basing system for the MX indicates a number of problems. Congress has made it clear that it will not fully fund the programme until a satisfactory basing system has been devised. But, more generally, the problem is how to choose locations for new land-based nuclear weaponain a democratic country and at a time when the public at larga is increasingly turning against nuclear weapons

If the MX is finally put on board eircraft the many Euro-

plans to instal a new generation of American Cruise and Europe will have a If nuclear deployed on land in the U.S. they will have every reason to ask why they should be deployed

In the U.S. the movement for "freeze" on the Super Powers' strategic weapons at current levels has spread like a brush fire and is gaining strong support in Congress. It is still ill-defined. A "freeze," though different things, depending particularly on its timing, and there is still little support in the U.S. for unilateral dis-

The unexpected strength of already begun to affect the Administration's thinking on defence and disarmament policies. Combined with similar, though more pacifist, move-ments in Western Europe, it has become a major factor wbat is becoming known as hia 'peace initiative" on miclear weapons.

talk Loose Administration about miclear "war-fighting" and the possithe Adantic.

negotiations with the Soviet missiles in Europe, a new round of Strategic Arms Reduction

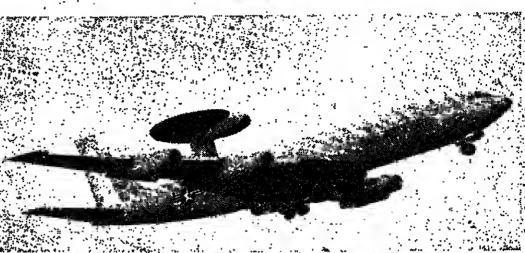
Mr Reagan is adamant that he wants the talks to lead to deep cuts in the level of strategic weapons on both sides reducing the threat of muclear likely in succeed and slowing the arms race. His critics believe that the

talks are a smoke screen designed to project a peaceful image while U.S. rearmamen goes ahead. Certainly, Mr. Reagan does not intend to abandon his strategic pro-gramme while the talks are under way. If be accepts a freeze" it will only be when he believes that a genuine

balance has been achieved. is going to abandon what he sees as a historic mission to restore the U.S. to its nightful

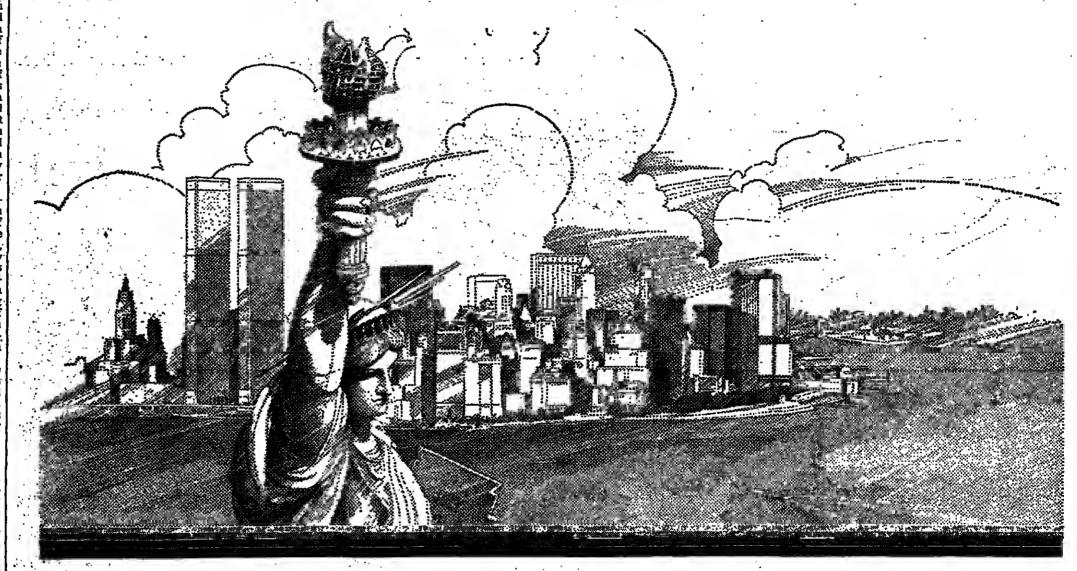
Reginald Dale





The Boeing E-3A airborne warning and control (AWAC) aircraft carries a radar antenna

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The recession has brought drastic changes to the traditional 3-year wage setting cycle

Pay bargaining in a harsher climate

of pay and benefits has often lying economic trends.

question now being asked is whather these settlements are a thing of the moment—to be forgotten when instance, the bargaining pro-the economy eventually recovers cess has been breaking down —or whether they mark a into quite small units as a or whether they mark a fundamental turning point in U.S. industrial relations.

Recent deals such as those covering the motor manufacturers, the meat packers or the road haulage industry have ignored some of the key elements which have shaped U.S. wage bargaining in the

One such element is the three-year wage setting cycle. built around master contracts covering a number of major industries like steel or the auto companies.

Typically, the union would concentrate its efforts on one most vulnerable companies, and company within an industry, then extend the terms agreed there across the whole

In turn, these terms would

THE CURRENT recession has ship was a fact of life, and had a dramatic impact on the there was never much doubt relationship between manage- about what constituted the ment and labour in U.S. going rate.

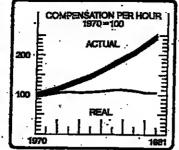
A series of major wage change in 1979, when Chrysler ettlements in recent months in its fight for life did not has broken the pattern of the follow General Motors' 1979 nast decade, in which the level contract. Since then the sanctity of the three-year cond insensitive to under tract has been challenged on has the concept of an industrywide settlement In the rubber industry, for

> result of poor demand for tyres and growing import penetration in other products. Thus, a couple of Firestone plants have effectively been removed from the master contract in response to closure threats, and other companies have made similar

More strains

Similar strains are now heing felt in the steel industry, where the current three-year contract extends through to 1983. The union has already granted special terms to three of the there is speculation that the master contract itself may be reopened before its expiry

U.S. Steel was refused the concessions it said were necessary to keep open its big works



First quarter 1982 settlements provided for average wage rises of just under 2.2 per for the first year of

at Fairfield, Alahama, on the grounds that it was asking for terms which would threaten employment terms throughout the industry. But the line is becoming increasingly difficult

In addition, the principle of COLA clauses (cost of living quarter of 1982, provided for adjustments) has also been undermined. The proportion of workers covered by such terms 2.2 per cent. But 70 per cent of rose steadily through the 1970s, the workers covered by these and added to the general inflexibility in wage terms. Now COLAS are being sus-

pended, however, or diverted to specific purposes like product development. Steel workers at A. O. Smith Corporation agreed to forgo COLA for a year so that the company could bid on

UNEMPLOYMENT other workers 1979 3rd 5.83 1979 4th 5.97 11.23 11.87 1979 4th 5.97 1980 1st 6.27 1980 2nd 7.30 1980 3rd 7.67 1980 4th 7.43 1981 1st 7.37 1981 2nd 7.40 1981 3rd 7.37 13.28 10.50 13.77 11.13 13.77 18.60 13.20 10.13 13.70 9.80 14.43 9.73 15.37 11.89

contract.

As a result of these changes, there is at present no such thing as a "going rate" for

wage increases.

Major collective bargaining settlements, reached in the first first year of operation of just Ford or the trucking industry, and got no increases at all

The remaining 30 per cent received awards averaging 7.8 per cent, and double digit increases were not that exceptional in the non-manufacturing

rate in 1980 was only 25 per cent, some 10 points lower than in tha 1950s, and the number of requests for representation elections plummetted last year.

Changing employment resources have shifted away in lab from the hive collar manufacturing industries of middle siggests.

Managers, too, have been taking a more aggressive lineinspired, perhaps, by President Reagan's tough treatment of the air traffic controllers. Does this add up to a funda-

mental change in industrial relations, which will continue even after the recession which caused it has been forgotten? Audrey Freedman, labour economist at the Conference Board of New York, thinks it

Even after the recession abates, auto, steel and other former pattern leaders will be under competitive pressure. she argues. Domestic mamifacturers will continue to consider sourcing their purchases overs, and overseas producers will remain a major force in basic industries.

Non-union manufacturers in the U.S. will add to the pressures, she adds, citing the spread of non-union mind mills in the steel industry, or the prospect of non-union truck assembly plants.

The counter argument is summarised by Professor Daniel Mitchell, of the University of California at Los Angeles. In a recent Brookings working paper, he claims that "while the traditional mode of labour - management relation-ships may be disrupted for a

time, there is little reason to expect permanent abandon-ment of such devices as the multi-year contract and the cost living escalator clause. These devices reflect strong incentive for the parties to regularise their relationship and avoid the risk of annual Unions have made

cessions in the past, he points out, with little lasting effect. In 1908, the Glass Bottle

At the same time, the union Blowers took a 20 per cent pay movement has been visibly cut to reduce incentives for losing ground. The unionisation automation.

More recently, he finds a number of incidents in the period after the Korean war which have a lot in common suggests that a "paradoxical mixture of management aggressiveness and experiments labour-management co-

operation " frequently seems to develop in periods of economic hardship. For Professor Mischell, it is clear that imminent plant

closings, layoffs and bankruptcy motivated the eye catching Jabour agreen the recent past And union negotiators in industries which are not facing an imminent crisis have paid little attention to the concessions granted in the distressed sectors of the

Fringe benefits

It is too soon to be dogmetic about the long-term implies tions of recent settlements. On the one hand, it is possible to over-dramatise the extent of the changes in, say, the motor turbed. Chrysler classes that medical costs add up to \$325 on the wholesale price of each car it produces.

On the other hand, there is no denying that fundamental changes are under way in the structure of U.S. industry. Onein-six U.S. workers is now making goods for the export trade, more than twice the proportion of the early 1960s.

Although most economists expect some kind of economic recovery in the second half of this year, very few are project-ing any worthwhile decline in an unemployment rate which is approaching 10 per cent.
For the first time in around

30 years, the big three motor car companies are now operating under different contract terms. If the decentralisation extended, at is hard to think that things will ever be quite the same again.

Richard Lambert



industrial relations

SELECTED UNION AGREEMENTS

Employer(s) and Union (a)	Wage	Wage	premieture) remegotiate	restric- tions	CON
General Tire (Marion, Ohio); URW Jan 1981*	***	*			
Chrysler; UAW Feb 1981f	*	:*:	*	100 1400	•
Firestone (Memphis and Nashville); URW Feb 1981:	-1, \$ 1; -2, \$ 2; -2, \$ 2;	*	***		
Mesta Machine; USA May 1981§		*	V		
Goodyear (Topeka); URW Sept 1981	, 1 i				
A. O. Smith; USA and six other unions Sept 1981					
Pan Am; TWU, other unions Oct 1981**	*	*	*		
International Harvester (Indianapolis); UAW Oct 1981††		- : :::::::::::::::::::::::::::::::::::	17. 16. 16. 16. 16. 16. 16. 16. 16. 16. 16	100	
Trucking Management; IBT Jan 1982‡‡		. ¢3 ().	*		È
Ford; UAW Feb 198288 ;		*	*	2.5	**

producing a out in pay. All future scheduled ab

on plant closings due to consounding.

Source: Deniel Mitchell, UCLA (ast. of fee

Income is expected to decline for the third consecutive year, says Nancy Dunne.

Farming policies bring chaos to a world of plenty

WAYNE Cryts is a hero to many American farmers, so when he was released from prison early this month it was good news in otherwise hleak times "I did what I did-out of des-

peration," he says. What he did was to break a law he thought unjust. His act of defiance took place on February 16, 1981, when with the help of some 300 farmers driving more than 75 grain trucks he seized 31,000 bushels of soyabeans he had stored in a Missouri grain elevator.

The elevator's owner had declared bankruptcy and a judge had ruled that the stored grain was one of his assets. Faced with disaster through the loss of his soyabeans, Mr Cryts ig-nored federal marshals and Federal Bureau of Investigation agents and raided the elevator to reclaim his own crop,

Although a Grand Jury re-fused to indict the 35-year-old farmer, a Federal bankruptry Judge had him jailed in April for refusing to name those who had helped him in the raid. By the time Mr Cryts was released he had become a national hero. At a time when the farmers find themselves trapped by economic forces beyond their control, he is seen in rural America as a man who bravely took charge of his own destiny.

The complete 2 Am forces

The country's 2.4m farmers are patriotic and law abiding. But, suffering through their But, suffering through their third year of lean times, many now express disgust with Gov-ernment agricultural policies they feel are either short-sighted or place unfair burdens.

First troubles

As the grain farmers see it their troubles began with President Carter's "partial grains embargo" against the Soviet Union, which he proclaimed after the Soviet invasion of Afghanistan. The embargo cost the U.S. dearly, according to a study by Schnittker Associates, a Washington-hased economic come for the first tima in history. Nationally, farmers had consulting firm.

It cut the nation's economic output \$11.4bn, cost 310,000 jobs, and resulted in lost personal income of \$856m. Balance of payments losses of up to \$2.50n arose from lost grain exports and up to \$1.9bn trade

at least three years and that come is expected to b half of wheat sales alone could be reduced by about 12m tonnes be-foreclosures and liquidations tween 1982 and 1985. Despite are increasing. The Department



Mr John Block, Secretary of Agriculture: efforts to unload

23m tonnes of the huge U.S. grain surplus on the USSR, the U.S. has clearly become a residual, instead of principal, supplier of agricultural products to the Soviets. the Soviets.

the embargo. Ronald Reagan came to office promising to end the han and never again to impose it except as part of a total trade embargo. Then, in December, the Presi-

dent declared a list of samtions against the Soviet Union for its role in the Polish repression and broke off negotiations for a long-term grains agree-ment. With five months to go before the current pact runs out, farmers see little chance of a new pact being concluded.

Meanwhile, farmers are suf-

tory. Nationally, farmers had \$10 worth of deht for each \$1 of net income. The Department of Agriculture has estimated that the nation's farmers were \$194.5bn in deht on January 1, more than double the 1975

losses resulted. Farm income is expected to The study assumed that trade decline this year for the third would be seriously affected for consecutive year, while net inwhat it was in 1979.

tor's lender of last resort, fore- what would happen with the ary, compared with 133 fore-closures for the whole of 1980, Other farmers do not show up in current statistics, but they are struggling with intolerable

price support programmes which barely cover—and often fail to cover—the cost of the product and through additional income provided by off-farm jobs. It is estimated that half of all farmers have full-time or part-time jobs off the farm or that their wives work outside the house. Now, however, the industrial recession is cutting many of those jobs. The Reagan Administration,

in its own struggle to reduce budget deficits, has consistently warded off attempts by, farm legislators to spend any addi-tional billions on the agriculture sector this year. So as to decrease grain supplies the Agriculture Secretary instituted, Prices never recovered after gramme sariy this year, but he neglected to consult grain-producing nations.

Output boost

It was not until the Ottawa meeting of other grain ex-perters in April that he attemp-ted to enlist U.S. competitors in an effort to reduce world stocks.
But despite record world production and huge surpluses
Canada, Australia and Argentina are-all planning to boost their output production again this year.
The U.S. Government has pro-

duced other farm programmes which are causing chaos. A generous dairy price support scheme, instituted at the behest of the powerful dairy lobby, has produced immense surpluses. Costs have jumped from \$46m in the fiscal year 1979 to an expected \$25m in this fiscal year. In mid-May, the Government had been forced to stock 419m Ib of butter. 684m lb of chesses. Ib of butter, 684m lh of cheese (both of which are to be distributed to the poor) and 1bn 1b of non-fat dried milk.

"It would be wrong to hlama the milk producers for the overproduction problem." Mr.
Richard E. Lyng. Deputy Agriculture Secretary, told a Congressional committee. "The problem was not caused by the tary of Agriculture, to unload Loan Administration, the second have the foresight to see ing to go without a fight.

closed on 543 farms in five passage of legislation that pro-months from October to Febru- vided for inflexible adjustments in the price support levels which bore no relation to the market price

The Reagan Government had debt loads and trying to hold its sugar programme. In exon long enough to hit one good season.

They are able to survive only through expensive government price support programmes su domestic sugar to nearly 21

To protect the support price and ensure that the Government would not have to huy up sugar, the Department of Agriculture raised the fees and duties on sugar imports-much to the distress of many Latin American countries the Reagan Adminis-tration is trying to help with its Caribbean Basin policy.

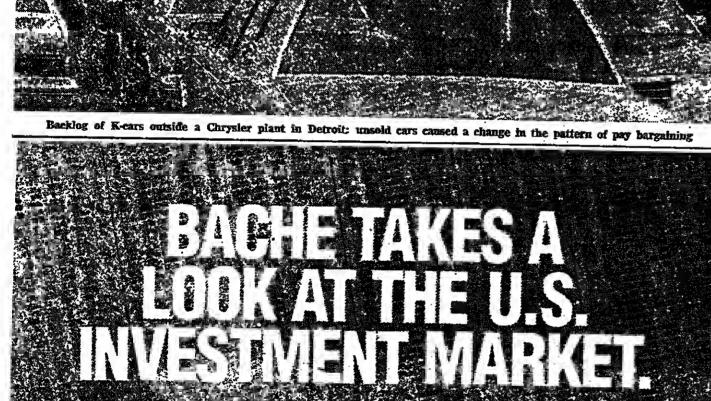
World sugar prices fell draw-tically and the fees and duties were insufficient to protect the support price. So the Administration was forced to institute a mich-reviled sugar quota. On top of that, a rookesman for the Commodity Credit Corporation, which administers prices support programmes, has said that the Government will be obliged to him the grant state of the rooks at the covernment will be obliged. to buy np sugar stocks after all to maintain the price.

In the end, analysts say, sugar producers will be more hurt than helped by the entire pro-gramme. Domestic sugar prices are now so high they say, that food industry users are continuing a massive change over to sweeteners.

U.S. farmers, reputed to be the most efficient and productive in the world, see little re-lief in the near fiture. The Reagan Administration has been pursuing a programme of export expansion, but while export expansion, our write ex-ports are rising they are earn-ing less because prices are lower. The strong U.S. dollar has also made American exports less competitive.

The farmers pessimism was expressed in a telephone call-in programme arranged on Capitol Hill. Of the 12,000 callers, 14 per cent said they did not expect to survive in farming and ranching, while 32 per cent said this is their worst year ever. But many continue to cling to hope—of a drought some where else a war, or a

"We're living on nothing and they could come in tomorrow and foreclose on me efforts by Mr John Block, Secret of Agriculture's Farmers' Home those in government who did he concluded. But I'm mot go one caller said. Like Mr. Cryts.



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Conservation and fuel switching reduce total consumption

Attempt to free energy from Government intervention

obsessions during the Carter were inflation and energy. Inflation has now been superseded by interest rates, 1979, the the country's grandiose multi-billion-dollar plans to reduce, in Carter's words, rica's "dark and dangerous dependence on unstable foreign

TURE

oil" have all but been scrapped. In May, Exxon abandoned a \$6bn oil shale project in Colorado. The \$44bn Alaskan pipeline designed to bring stural gas down from Prudhoe Bay has been postponed by an-

A whole string of alternate projects have been shelved. Most of the major oil companies are cotting back on planned energy expenditure. The nuclear industry is more than ever in e state of coma. Mines are being shut down all round the country as metal prices continue te slump.

In the past two years, there has been a dramatic turnround and energy policy. The statistics tell the story with eloquence. After two successive oil shocks in the 1970s, America saw itself hostage to foreign oil; but by last April oil imports were back

the same as that of first quarter 4.5m barrels a day fail in pet-toleum demand this year-versus first quarter 1979 (a

The study then goes on to say: "This drop instead is largely explained by price-induced conservation, and to some extent, fuel-switching. Again, this year's first-quarter real GNP was about 2 per cent belew 2 year ago, while petroleum demand was down much more-about 9 per cent on a weather-adjusted basisindicating once more that conservation and fuel swatching are the primary causes.

as much as the industrial recession to intensify what has now become known as the oil glut. in American attitudes to energy in large measure, the Americans' new conservation philosophy was a product of President Carter's energy policies—one of the areas where the former President is given the greatest credit for success.

OIL STATISTICS

		-					
		oduction barrels)	% of Opec	1		mports (Valn
Year.		U.S.	production	1	Country	1	. (\$bn
1973	*****	3,995	35	1	U.S		70
1976		3,589	31	4	Japan		60
1979	· · · · ·	3.726	3 3	1	France	:	23
1980		3,753	38	- 1	Germany		29
1981.		3,772	. 45	- 1	UK		~-5
	•			Sour	ce: Petrol	leum Ecor	omist.

roughly, where they were in 1971, when energy had not yet cies as a whole differed radibecome a dominant preoccupa-

Barely five years ago, oil imports were accounting for as much as 52 per cent of the country's oil demand. By last year, they accounted for only 36 per cent and the Organisation
of Petroleum Exporting Petroleum Countries' share of the total has increasingly been eroded by the increase of imports from non-

Steady decline

teadily declining to around 16m country's signs of any substantial pick-up of federal money. in the near future at least.

decline io consumption and to coal, which is in abundant news to inflation fighters and demand, and hence in prices, is supply in the U.S. Despite the the recession. While the raging controversy over nuclear economic slowdown has clearly had an impact, it is by no means the only or principal cause of the huge changes that have taken place in the country's energy

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An interesting study recently published by the American Reagan has sought to break the Petroleum Institute shows that energy sector loose from Govthe beggest impact on the country's energy consumption patterns has come from conservation and from fuel switching dictate energy policy. His first caused by the higher oil prices of the 1970s. Americans are appears to have played a speed up deregulation of gas-relatively small role in the prices, but this has become fall in petroleum consumption.

But Mr Carter's energy polically from President Reagan's approach. In turn the new Reagan approach has done as much as Mr Carter started in changing the country's general attitudes to this key sector.

Mr Carter's approach was based fundamentally on the idea of state intervention to assist, support and promote energy development to taske the U.S. less dependent on foreign off. White he began the crucial trend to deregulate oil and gas prices, he also set up the socalled Synthetic Fuels Opporation, which was to support the harrels a day and there are few energy industry with some \$80bn

He pushed for accelerated raging controversy over nuclear power exacerbated by the Three Mile Island tragedy which still hangs over the entire future of the industry, President Carter also sought to push forward the development of nuclear plants. In sharp contrast, President

ernment intervention and control and has attempted to let the laws of the market place was to lift all remaining price conservation seriously, controls on domestic oil the U.S. economy. He has since attempt economy. He has since attempted to

"Clearly, since first-quarter to shelve any gas deregulation Even if we assume that these real GNP this year was nearly proposals until the outcome of the mid-term Congressional elections, in November.

reverse themselves, as-sugner

or later-they probably will, it

put all his chips on being back

done to bring greater security

"The things that need to be

A growing number of critics

energy may be seizing the country. They argue that

although the market is now

enjoying a phase of moderate

Indeed, there have recently

been signs that oil prices and

prices of some evergy products

prices. But lodustry analysts

also believe that the current

natural market adjustments and

strong stimulus because as long

likely to be short-lived.

likely to continue to fall.

on trend overnight.

In a sense, President Reagan's approach to energy policy is summed up with the changes that have taken place in the Synthetic Fuels Corporation. The Government now intends to to our long-range energy support only those alternate arrangements have quite dearly energy projects that make sense come up against some perplexing

As Mr Edward Noble, chairman of the Synthetic Fuels of Reagao energy policies are Corporation board, said: "If the also beginning to warn that a private sector doesn't want it, mood of complacency about why should the Government

A scramble

Deregulation of domestic oilprices has sent U.S. oil comvanies scrambling to search for Conservation has thus helped and produce more of within the country. Last year was a record for domestic drilling activity most obvious example is petrol According to the Hughes Tool Rotary Rig count, a recordconservation setting 4,530 rigs were at work rise in prices is only part of At any given time last year, the medium-term outlook atill the average of rigs at work was argues strongly for flat prices. the average of rigs at work was And although the rig The long-awalted U.S. economic count has since deckined in the .recovery is unlikely to prove 3 face of the deepening glut io the first three months of the as interest rates remain susyear, it is egain showing signs tained the recovery liself is

At the same time, domestic crude output at 8.7m barrels a day last April was 1.7 per cent higher than in April 1981. Although two-thirds of this increase represents new produc-tion from Alaska's Kuparuk Field, which came on stream in December, since the middle of last year, according to the API, production in the other states, has, on balance, exceeded the levels of the year before-in stark contrast to the 300m bd. average decline in domestic production of the 1970s.

The good news for the American consumer and motorist has not been all that great for the oil companies. After seeing their profits leap after the oil price increases, the first quarter of this year proved disappointing to say the least. Oil company earnings have been falling. Indeed, one or two companies even reported a loss largely as the result of sizeable one-time write-offs connected with with drawals from unprofitable

their strategies. Mr Clifton Garvin, the chairman of Exxon, said recently: "While the lower oil prices of One simple explanation of the conversion by utilities from oil recent months are clearly good consumers of energy they are s mixed hlessing to those who long-range energy development."

He claimed that the reduced cash flow of the oil industry and the greater uncer day about the fature have led to a reducventional energy development is in still greater trouble. Aknost comes out that another synthedelled or slowed down," he said. Mr Carvin added that there are some hints that 'Americans in general may be beginning to relax their commitment to con-servation. "I have read that recent automobile sales data entangled in a political debate show a modest trend back

ANOTHER TAKE-OVER BATTLE IS UNDERWAY, SAYS PAUL BETTS

The 'great oil company auction' reflects changing attitudes

FOR A brief three mouths, oil com panies, their investment bankers, their lawyers and all those who jump and shrick on Wall Street enjoyed a luil in of hectic take-over fever.

The U.S. oll and minerals sector had never seen anything quite like it. Two of the country's largest oil com-panies, Conoco and Marathon Oil, were

acquired for record sums by Dn Pont and U.S. Steel, respectively. Standard Oil of Ohio bought Kennecott. The Kowaiti Government took over Santa Fe International, Elf Acquitaine of France took over Texasgulf.

In o period of obout six months last year, more than \$25bn worth of energy assets chaoged bands. And now, after a pause, another mojor take-over hattle between Cities Service, the country's 20th largest oil company, and Mesa Petroleum, a smaller Independent Texas concern, is nuder way. It has been called the "great American

oil company auction." It has been the product of several factors, some interrelated. At the same time, more broadly, it reflects the significant changes that have taken place in the U.S. energy market and chaoging attitudes to anti trust and competition. In a sense, e whole series of major

take-over opportunities presented themselves when oil company stocks fell from grace on Wall Street.

In the face of dwindling profits caused by the international oil glut, the large institutions moved out of oil stocks with

In turn, these depressed stock prices offered unique opportunities for com-panies, both in the U.S. and abroad, to acquire domestic U.S. oil and gas reserves at a relative hargain.



tough job juggling with the energy

Indeed, it became cheaper to buy ofl on Wall Street than to go out and drill

Moreover. U.S. off and gas reserves have traditionally been seen as o major prize because of their security and proximity to the world's largest consumer of energy. The prize was made all the more attractive with deregulation of domestic

oil prices last year. With the advent of the Reagan administration, expectations rose that the general approach to anti trust and competition would change dramotically in the country. For years, the idea of one major company buying another seemed

But the new anti trust busters of the Reagan administration indicated right from the start that big was not neces sarily always had. In turn, this prompted a number of major companies to test the they could now go.

Mobil, the country's largest oil com-pany after Exxon, took the lead in test-ing the anti-trust climate. It bid for both Conoco and Marathon Oil, but both times failed to win the take-over contest. Indeed, what emerged was that while anti trust application has changed in respect of size, it has not in terms of the effects a merger can bove on compe-

Mr William Baxter, the head of the U.S. Justice Department's anti trust division, has indicated that while so-called vertical mergers are occeptable, that is a merger which enhances a company's vertical line of intigration, horizontal mergers must continue to be carefully

In the case of Mobil's two pusuccessful attempts to take-over another large integrated oil company, the courts blocked the oil giant become of possible anticompetitive implications in certain markets if it were allowed to acquire another major oil company.

But despite the two Mobil defeats and clearer definition of Reagan anti-trust policies, take-over fever has by no means disappeared in the U.S. oil sector.

What is now clear, bowever, is that so called bostile take-over bids by large oil companies appear to have little chance

On the other hand, friendly deals continue to stand a far hetter chance even if they raise some herizontal anti trust

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Synthetic fuels fall victim to Reagan cutbacks

THE U.S. synthetic fuels industry has become perhaps the biggest victim of the Reagan approach to energy and the international oil glut. Ambitious and expensive projects to develop the country's vast resources of oil shale. to build coat liquefaction and gasification plants, and to produce energy from a variety of alternate energy sources have, in recent months, been falling by the wayside.

Despite their public posture, the major oil companies (with one or two exceptions) are no longer enthusiastic about synfuels: Even Occidental Petroleum, whose chairman, Dr Armand Hammer, once suid, "yon can never drill a dry hole in shale," suspended its huge \$3bn Cathedral Bluff

in nuge 550n Camedral Bluff joint shale project with Tenneco, in Colorado. The U.S. Government itself, together with the Japanese end the West Germans, pulled out of a joint \$1.50n coal liquefaction project in West Virginia. And Exxon tras now abandoned its \$5bn to \$6bn Colony sheie project with Tosco, in Colorado, which was seen as the centrepiece of the emerging U.S. synfuels

industry.

ormer President Carter
launched the great American synfuels programme in 1980; it was designed to produce 500,000 barrels a day of syn-fuel in the U.S. by 1987, and as much as 2m b/d by 1992.

Government set up the Syn-

thetic Fuels Corporation to administer o \$88m federal programme to support the development of the country's synfuels industry.

Perceptions about future energy supplies in the non-Com-munist world have since changed dramatically. More-over, the Government's philosophy regarding synfuels has aiso radically shifted. As a result, the sense of urgency to develop in the U.S. the world's largest synfucis in-dustry has disappeared.

The Reagan Administration has from the very start, placed the emphasis on minimising Government intervention in business and industry. In so doing, it has scaled down the role of the Synthetic Fuels Corporation and warned that the Government was unlikely to pump billions of federal dollars to support major synfuel programmes.

The combination of the new Government approach and the declining cash resources of even the biggest of the off companies has now put the future, of the symbols m dustry in doubt. As the Bankers Trust Company warned: Billion-dollar plus investments, as in synfuel plants, carry a significant risk, one that private firms often find difficult or impossible to assume individually."

The New York-based bank also

with inflation and adds: "With indiction and interest rates of near record levels the opportunity cost

of a foreone investment in another area such as convenmakes synfuel development difficult to justify economically at present."

As Exxon's decision to shelve the Colony project illustrated the costs of building a synfuel plant, and completing it, are unknown. With high interest rates, construction costs have risen dramatically. Between revised its cost esumates for Colony from about \$3bn to between \$5bn and \$6bn.

But with 90 per cent of the country's fossil resources consisting of oil shale, coal and Government's policies to-wards synfuels have warned that the U.S. may deeply regret it in later years if synfuel development is now allowed to be halted.

Ultimately, these critics claim, the current abundance of conventional oil supplies and moderate prices will end and there will be a real need to exploit alternate energy re-

In response to these critics, the Synthetic Fuels Corporation says the priority now is to develop the necessary infra-structure, technology, and know-how to ensure syntucis cao be developed when their time comes rather than spend billions of federal dollars in programmes with little economic justification at the current time.

CORPORATE PROFITS BY INDUSTRY

(\$m, annualised figures, current prices).

Source: U.S. Department of Consu

RETAIL PRICES AND UNEMPLOYMENT

Companies are struggling with a heavy debt burden and surplus manufacturing capacity, as Richard Lambert reports

Startling downturn in sensitive manufacturing sectors

of U.S. taxation legislation since 1945. It combined the largest personal tax cut in U.S. with a number special incentives designed lo stimulate capital formation.

But industry has had other things on its mind. Capital spending peaked in the third quarter of last year, and with capacity utilisation in U.S. factories now running at only a little over 70 per cent, invest-ment seems likely to decline well into next year, after falling by perhaps 4 per cent or more this year.

That would mark four consecurive years of flat or falling capital spending in the U.S.

In some sensitive sectors, the scale of the downturn bas been startling. Machine tool orders fell by 45 per cent in the first quarter of this year. Steel industry executives are now talking about shipments of little more than 70m tons this year, compared with 100m tons in 1979.

This represents more than just a cyclical downturn. The current year will feature in the number of painful countssuch as unemployment, the highest for more than 40 years; husiness failures, which are likely to hit a post-war peak; and the downturn in company profits, which in the first quarter of the year was the

There are two key features

THE Economic Recovery Tax of this recession and together. In all these sectors, U.S. Act of 1981, signed into law they have upset the Reagan companies had more than 90 per by President Reagan last Administration's plans for cent of their domestic market using tax policy to stimulate in the 1960s and a number of

had a devastating impact on a whole generation of finance directors, who were brought up-to helieve that the more their companies borrowed during an era of inflation the richer their

shareholders would become. Companies throughout the manufacturing sector are now paying the price in the shape of a heavy debt burden and substantial surplus capacity.

The other key feature is that U.S. industries are far more exposed to international competition than they have been in the past, and not only in their export markets. The table shows the market share of U.S. companies in a number of major aectors of the domestic

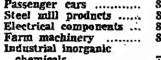
Passenger cars Electrical components ...

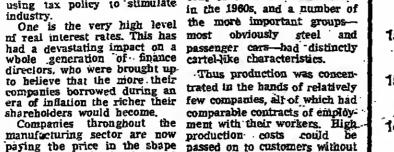
Radio and TV receivers Fostwear Metal-cutting machine

Food-processing machinery Metal-forming machine

Textile machinery ...

Source: Federal Reserve System.

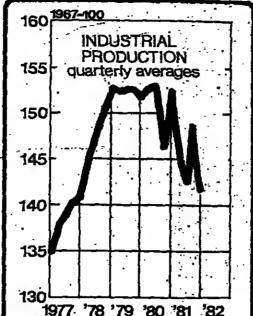




too much difficulty. For example, wages in the motor industry were 43 per cent higher than for the private nonagricultural sector generally in 1971, and 69 per cent higher 10 years later. Competition tended to focus as much on areas like design or delivery as on price or technology.

The impact of import competition on these industries can perhaps best be compared with the changes brought about by deregulation on companies in the airline, road transport or stockbroking businesses. For a time, cartel-like conditions may continue after the change, but if there is a really grave recession, like the one that is now drawing to a close, the shake-out will be ferocious.

In the past few months, U.S. companies have been forced to they were able to postpone or ignore in earlier years. U.S. industry is in the painful pro-



adjustment to a new and more

Big industrial companies no longer assume that an upturn in economic activity is all that is needed to restore their health. The best symbol of the certain products it cannot hope change is General Motors' deci- to make money in head-on take decisions about produc- Japanese car manufacturers foreign producers. tion and manning levels that about the scope for co-opera- In this changes about the scope for co-opera-Only two years ago such a move concern two categories of com-would have seemed highly pany. One will concentrate its patterns are already failing by

that the financial and engineer- where it can establish a strong ing strengths which had served market position and investing it so well in the past would be substantial sums in any commoenough to pull it through its dity-type operation it might have current problems. But now it with a view to becoming the lowseems to be conceding that in cost producer.

General Motors still believed tries, seeking profitable niches

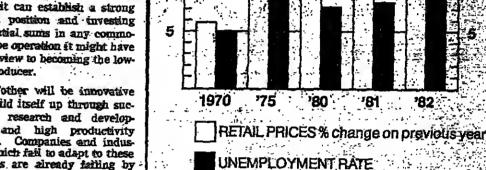
BUSINESS

average per week

FAILURES

300

The other will be impossive sion to hold talks with three competition with high-volume and build itself up through successful research and develop-In this changed climate the ment and high productivity tion in producing small cars. success stories of the future may growth. Companies and indus-



INDUSTRIAL PRODUCTION BY SECTOR

	Iron & Steel	Non- elec. Mach.	Elec Mach	Elects. Comps.	Mntor vehicles & parts	Aero- space Equip.	
72	107	116	122	159	136	82	
73	123	134	143	210	148	89	
74	120	140	144	213	128	90	
75	96	125	116	155	112	85	
76	105	134	135	201	142	82	
77	104	144	145	214	161	'86	
78	114	153	160	247	170	97	
79	113	164	175	296	159	112	
80	92	163	173	305	119	115	
81	100	171	178	. 312	122	110	
82	79*	161	1717	315*	98+	103+	
		* Two me	ouths. † 7	Three mon	ths.		

PRODUCT INNOVATION has been the key to rapid growth in U.S. industry over the past decade. The development of new products was a key growth element in three-quarters of the fastestgrowing sectors in the period, according to a recent analysis by the Burean of Industrial Economics

The study highlights the performance of 45 industrial groups which grew twice as fast as manufacturing industry as a whole hetween 1972 and 1978. Their compound annual growth rates ranged from 6.4 per cent to 19.1 per cent. . Product substitution was the second

most frequently mentioned factor, occurr-

ing in basic product industries like plastics as well as finished goods such as computers. Price was another important consideration. In no case was export expansion a growth factor unless accompanied by product impovation.

Growth leaders are distinguished from the general run of manufacturing indus-try by their above-average productivity gains, their more moderate rate of price increases, their greater reliance on export markets, and their rather higher level of concentration around a few leading companies.

Product innovation: key to growth

Looking ahead, the bureau projects

that 20 of the 45 study industries will not continue their rapid expansion in the period between 1979 and 1985. The slowdown in the car-manufacturing and housing industries will hold some of

them back. So will a less exciting rate of growth in the energy-saving sectors. On the positive side, nine of the 45 are expected to achieve faster growth rates up to 1985. These are semi-conductors, process control instruments, office machines, measuring and controlling devices, fabricated pipe and fittings, instruments to measure electricity, radio and TV sets, structural wood members, and environmental controls.

PROFITABILITY COMPARISONS

	Profit	shares*	
1955-59 1976-79	U.S. 21 18	Germany 38 21	UK 28 14
N	55-59 21 38	;	
1955-59	28	38	17

Defined as not operasurplus as percentage of value added. † Defined as operating surplus as percent net capital stock of fixed ass (excluding land).

1976-79 22 17

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<u></u>	1980 I		2.73	· 25.8
17 8	III	5.43	2.30	26.4
ung	1981 I	7.49	247 2.67	26.4
net not_		7.57 6.93	-2.23 -	- 28.6
age sets	1982 I	5 .2 6	2.23	30.4
	Source: U	.S. Deper	ment of C	оптмег

AUTOMOBILE SALES

AND INVENTORIES

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CAPACITY UTILISATION IN MAIN INDUSTRIES

	manufacturers	Motors	Chemicals	Primary metals
1972	83.0	97,0	83.5	80.0
1975	77.0	83,3	74.3	72.8
1976	81.3	93.3	79.8	78.5
1977	82.8	99.3	-78.0	80.0
1978	83.8	95.3	80.3	84.5
1979	82.5	83.8	82.8	84.3
1980	77.5	66.8	78. 5 .	73.5
1981	76.0	63.3	75.0 -	73.3

Older industries are hit hardest

laking place in the deployment of economic resources in the U.S. For a decade and more, the service sectors have been expanding much faster than manufacturing industry, and the South and South West have been growing at the expense of the old industrial heartland of

the North. These trends may well have been accelerated by the current recession. For example, more than twice as many people now earn a living by selling ham-burgers for McDonald's as are employed by U.S. steel and more people now work in the retail and wholesale trades than in the whole of U.S. manufacturing industry.

In 1970, by contrast, the number of manufacturing workers outstrigged those in the wholesale and retail trades hy nearly 50 per cent.

Services

Within the service aector, some activities have shown astounding growth rates.
Medical and hospital services
stand at the top of the list,
having almost doubled their share of total employment during the 1970s, while growth in areas like entertainment and recreational services has also been well above average.

Regional shifts have been

nearly as marked. Between 1968 and 1978 (two broadly comparable years in terms of the economic cycle) factory em-ployment increased in the South and West by more than 900,000 and 300,000 respec-tively, but it declined in the North East by nearly 800,000. The North East's share of total employment slipped from 25 to 22 per cent over the period, while the current map of unemployment in the U.S. shows that the recession has been causing far more pain in states like Ohio and Indiana than in Colorado or Arlzona. There are intangible reasons for these changes, such as the quality of life-it's a lot more

sunny down South or swings

in regional political power. The Federal Government has also

played a big part, most obviously in the allocation of Defence spending.

In the quarter century up to 1976, the South increased its share of prime military contract awards from 11 to 25 per cent, while the west's share jumped from 16 to 31 per cent.

One explanation is that the industrial heartland of the North East has by its nature a heavy commitment to traditional industries like steel or shiphuilding, whereas new in-dustries such as aerospace or electronics have tended to emerge in states like California or Texas.

As defence requirements have shifted from metalhashing to missiles. Government allocations have favoured the regions which are strong in high technology products and

In a period when established companies have been desperately trying to lower their production costs, the south must also have benefited from its history of relatively low wage history of relatively low wage rates and of non-unionised labour. As a region, it has the lowest exposure of any to industries with above-average wages, like primary metals or mechanical engineering, which have also tended to be those that have suffered most from foreign commertion.

competition.

Although there obviously are some high-paying industries in the south, there are still very big regional differences in wage rates. For instance, average weekly earnings in Georgia this March were just under \$257 a bead, compared with more than \$444 in Michigan. As it happens, the unemployment rate in Georgia that month was 7.7 per cent, compared with 17 per cent in Michigan.

These changes are of more than academic interest and have important implications both for Government and business. In a vast and highly diversified economy like that of the U.S. some sectors can be unaffected hy economic pressures which are wiping out whole com-munitles in other parts of the country.

Richard Lambert



New York

01-405 6944 Telex 22446 (212) 758 3131 Telex 649377.

D WILLIAMS Real Estate Collins 212 582.8000

9 West 57th Street

New York NY 10019



UNITED STATES IX FOREIGN INVESTMENT

Fears over land deals with foreigners

IF THE influx of fereign capital into U.S. industry and commerce makes somo Americans nervous, the movement of Europeans and others into agricultural land rouses feelings which seem closer

We are going to be getting into the situation where we not enly depend on foreigners for energy, but also for the

YATEUC

wery food we cat," one emotional Con-pressman claimed recently.

If that is so, it will be an extremely long-drawn-out process. In its latest report on the slination, the U.S. Depart-ment of Agriculture said that, at the end of last year 12.7m agrees of V.S. of last year, 12.7m acres of U.S. agricul-tural land were in the hands of foreigners. This is less than one per-cent of the farmland in the country. Increases in sales of land to foreigners have been steady rather than dramatic, the report shows, and in general, contrary to popular belief, there has been no

use to which the land is put. Even so, the emotions stirred by this modest influx of foreign land huyers have

prompted the legislators to act.
Since 1977, eight of the 36 U.S. states which have some form of restriction on foreign land ownership have strengthened existing laws or introduced new regulations to control and monitor the sales.

Eager to soothe the fears of the rural establishment, the Department of Agri-culture made elear in its latest annual review that it found:

• No evidence that foreigners were buy-

 No evidence that the new owners were changing farm land to other uses.
 And it reproached the complainants. stating that there was evidence that over seas buyers seemed more willing than native Americans te make improvements

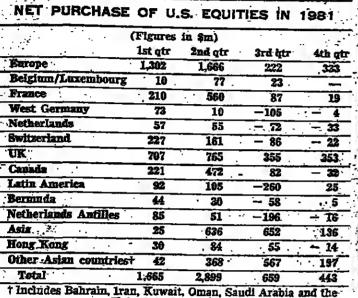
Most foreigners moving into the U.S. have bought land in the south and south west of the country. Florida, Texas, New Mexico, California, and Oregon seem particularly popular.

There is also a particularly heavy con-

centratien of foreign interest in Maine, where overseas buyers have taken over some 2.6m acres or 14 per cent of all the farmland in the state. Almost all of this, however, is in the hands of three timber companies, believed to be

Foreign institutions, such as pension funds, appear to have little interest in U.S. farmland. Corporations account for more than 10m acres of the land in overseas hands, and most of the balance is accounted for by the 3.890 private investors, each with an averago holding of

CHRISTOPHER PARKES



United Arab Emirates. Source: Securities Industries Association



Miami Beach, Florida: a sunshine state popular with foreigners

Overseas investors take a more cautious view

RATTLED by the recession and the Reagan Administration's budget dilemma, foreign inves-tors have recently been taking a more circumspect view of the U.S. equities market.

At \$800m in the first two months of the year, net purchases purchases after taking account of sales of U.S. stocks by overseas buyers definitely on the low side," according to officials at the securities -industry association in New York.

They have, however picked up from the tail end of last year, when in the last quarter \$443m. Despite this falling off, the trade had picked up enough steam earlier in the year fer dealings to break new records

over the year as a whole.

For 1981, foreign investors'
net purchases of U.S. equities rose to \$5.76n, \$300m more than the record set in 1980.

The previous high, recorded in 1975; was \$4.7bn.

Most of last year's progress was made in the first half of the year. There were those who year. There were those who believed a boom year was en the way as the U.S. economy appeared to be standing up to the recession better than most of the rest of the world. Later, as growth rates fell and the U.S. drifted into the economic mire which had bogged down most of Europe, overseas enthusiasm for investment waned.

nost of Europe, overseas entin-siasm for investment waned. The sales burst which charac-terised the first half of last year was fuelled mainly by the vigorous expansion of the U.S. economy, which was growing at an annual rate of almost 9 per cent in the first quarter. By the third quarter this rate bad dropped to 1.4 per cent and overseas investors responded in predictable fashion, with their equities purchases in the last three months fading away. to the lowest quarterly level

of the year.
As in 1980, UK investors were the leading buyers from Europe, accounting for more than 60 per cent of all European purchases.

Nervousness

:::5

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45.77

Still, as economic prospects showed signs of improvement at home and as the U.S. began to feel the effects of recession, British buying tailed off to the extent that second half pur-chases were less than half those in the first six months of

The French, too, who had piled nervously into the U.S. following the election of the first Socialist administration in 23 years, were quick to reduce their presence there with the

onset of recession.

Belgium and Laxembourg, net sellers in 1980, made net purchases last year totalling \$110m. Dutch investors, also net sellers in the previous year, moved back to purchase a net \$57m worth of equities in 1981. Atthough the early figures for this year indicate some reawakening of interests, foreigners are still wary, and seem likely to remain so while President Reagan struggles with his budget and while the economic horizon remains cloudy—and despite the fact that the dollar has more or less

held its own on the fereign High U.S. interest rates during the year served to encourage foreign buyers to investment in the U.S. exercises first holdings of U.S. ceeded American direct investment in the U.S. expectation buyers to investment in the U.S. expectation in the U

that the dollar has more or less

NET FOREIGN PURCHASES AND TOTAL FOREIGN HOLDINGS OF U.S. TREASURY

NOTES AND BONDS IN SM. 1980-81

	19	80	19	81
	Net purchases	Holdings	. Net	Holdings.
Europe	-1,655	17,900	1.994	19,894
West Germany	-2,889	7,191	1,137	8,238
Belgium/Luxembou	rg - 383	282	105	387
UK	947	7,183	-474	6,709
Asia	6,307	26,112	12,577	38,689
Japan	-1,696	9,479	1.301	10,789
Other Asian countr	les 1 7,672	15,867	11,307	27,174
. All countries	4.986	· 50.981	15.161	66 142

OPERATIONS OF FOREIGN AFFILIATES OF U.S. MULTINATIONALS

	Total affiliates	Total assets (\$m)	Total sales (\$m)	Em- ployees ('000)
World	23,641	490,178	647,969	7,197
Developed countries	15,603	359,583	449,015	
Developing countries Latin America:	7,627	115,822	183,219	2,175
	4,804	75,041	73,287	1,347
Argentina	269	2,959	4,075	108
Brazil	767	17,331	19,340	436
Mexico	1,078 342	9,515 17,241	10,833 14,414	370
Venezuela	451-	6,135 ·	6,436	101

† Includes Central America and the Caribbean. Source: Survey of Current Business.

ability.

entrepreneurs.

window shoppers, foreign com-

panies on the look-out complain that the prices being asked for

U.S. operations are too high in

relation to their current profit-

dustrialists and politicians, whe

fear the arrival of the foreign

In a recent study of the per-formance of overseas buyers of

U.S. companies, Dr. Jacobus Severiens, professor of Finance

tions is not a significant prob-

ratio is \$214bn to \$66bn — he says that considerations of reciprocity alone demand that

the door should be left open for

capital inflows.
Certainly the Reagan Administration, with its clear anti-

\$66hn. Net purchases in 1980 tetalling. \$18.6bn compared were a modest \$4.9bn, the SIA reported recently.

Although the European countries swung from net sellers of \$1.7bo in 1980 to net purchasers of \$2bn in 1981, the hon's share of the activity originated in Asia, particularly the oil exporting countries, the window shoppers foreign compared with \$11bn in the previous year.

U.S. direct investment over—seas last year was enly \$7bn.

This year, however, prospective foreign buyers of U.S. companies are holding off, bankers say.

While there is no shortage of the window shoppers foreign compared with \$11bn in the previous year.

U.S. direct investment over—seas last year was enly \$7bn.

While there is no shortage of window shoppers foreign compared with \$11bn in the previous year. the oil exporting countries, the

Asian countries' holdings ef Treasury paper jumped 48 per cent last year to \$38.7bm. Japan which made net sales of \$1.7bn in 1980, moved back and made net purchases of \$1.3bn, last

Opec heldings, however, rose even more sharply, with oil prodecers' purchases accounting for three-quarters of last year's increase in foreign holdings of

Treasury paper.
They bought a net \$11bn worth, raising their holdings to mere than \$27bn, compared with \$16bn at the end of 1980.

This appears to reflect a return among the eil producers to a more cautious approach to U.S. were many be insensitive or even antagonistic to U.S.

U.S. investment markets.

As they moved strongly ioto the safe bond and note market, less concerned. He holds that the amount of foreign acquisitions and a significant probfrom the stock market.

Losing their relish for U.S. lem. Noting that U.S. boldings equities, their net purchases in abroad far outweigh foreign this area fell marginally to owned assets in the U.S. — the \$1.2bn, after almost deubling when things were looking bright for the U.S. economy in 1980.

Even so, Opec maintained a substantial presence in equities and at the end of the year their total holdings were second only to those of the British.

The attraction of the U.S. for

The attraction of the U.S. for commitment to private enter-foreign investors, according to Morgan Guaranty Trust, stems encouraging anyone to come in part from the "relative poli- who thinks he can make headtical stability and the safety investors perceive in the U.S. compared with the uncertain climate in many ether parts of

the world, including Europe and Canada!"

on a study produced for the bank by the Institute fer Inter-national Business in Stockholm. Prompted by a lack of information on performance while European enterprises were moving into the U.S. in ever increasing numbers, the report concluded that while Swedish companies perfermed no worse than other foreign investors in the U.S., there were still plenty of disappointments.

The roots of the difficulties lay, the report said, in inadequate feasibility analysis befere takeover or merger, a far-ioo relaxed approach te the difficulties of establishing a produc or an enterprise in the highly competitive U.S. market, and underestimation of the legal and regulatory preblems peculiar to the U.S.

Performance

Dr Severiens is less critical, although he does remark that the financial results of foreign-run companies in the U.S. are not particularly impressive." Foreign buyers, be says, seem to be especially attracted by companies with poor perfermance records.

The U.S. government recently reported that in 1979 the average profit margin of companies purchased by overseas interests was 2 per cent of sales - a factor which reflected "low er negative rates of return on

sampling a mixed bag of 38 companies. Dr Severiens attempted to divine if, and te what extent, foreign buyers actually improved the perferm-ance of their acquisitions. Included in the bag is ene of

the mest often cited success stories — the BIC Pen Corp., built up inte a flourishing business with \$200m annual sales since it was bought in 1958 as the Waterman Pen Corp. for

The list also included those The slackening pace of foreign activity may come as a relief to the many leading inwhich have not done quite so well. Rhone-Pouleuc, for example, the French chemicals group, recently gave up its 20 per cent stake in Morton-Norwich after an unhappy time in the U.S. market.

Examination of the general trend in overseas investment in recent years shows that about half the buyers have invested in industrial sectors which are either stagnating or even declining — such as chemicals, grocery chains and building

Others have gone for high-growth areas such as machine tools, energy and non-ferrous metals — all businesses which consume vast amounts of cash. This combination, Dr Severiens suggests, explains the lacklustre

results revealed by his study.

Broadly, however, he concludes that foreign buyers have helped, "nursing a substantial number of U.S. companies back to financial health." The eutcome with foreign-owned U.S. stration, with its clear anti-companies which had good or regulatory bias and its strong mixed results before takeover

mixed results before takeover is less easy to pinpoint.

"On average, the enly significant improvement acquired companies have shown is in earnings per share. This may be a sign that foreign acquirers way in the U.S. marketplace. Success, however, is not easily achieved. Mr Jan Ekman, manare after long term profits," says aging director of the Svenska Dr Severiens.
Handelsbanken ene of the lead-

" If so, one can conclude that, in addition to their notable turnaround efforts, everseas purchasers are slowly but surely contributing te the growth of the American economy."

Christopher Parkes



FINDING FINANCIAL SOLUTIONS IN MEXICO FOR A MULTI-NATIONAL **AUDIO CORPORATION:**

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ing as a leading eritic of the Federal Government's policies



Mr Leif Olsen challenges the popular view that the Govern-. ment deficit will push np interest rates



William Griggs doubts down far enough to belp the

Three leading economists assess the prospects

Outlook for interest rates draws conflicting views

VIEWS differ sharply on Wall Street ehout the outlook for interest rates, which could boid the key to the timing and strength of the U.S. 200nomic recovery. Here are tite

views of three economists. • Dr Henry Kaufman, the chief economist at Salomon Brothers and well-known for his bearish views, believes that the hurden of U.S. treaborrowing stemming from the huge Government deficit will push long-term interest rates hack up to high levels in the second half of this year, or at the very latest early next year.

He is also predicting a rebound in short-term interest rates, hot possibly not as

Dr Kaufman is sceptical of Washington's ability to rise above political wrangling and make the necessary compromise to bring the deficit down. Because of this he doubts that the U.S. economy will do more than "spntter and sport" and he fears that corporate balance sheets are being severely strained by too

much short-term deht. Dr Kaufman is also emerg-

Fed's policies with their monetarist slant. He maintains that they are adding to the damaging volatility of

interest rates. 3 Mr Leif Olsen, chairman of the economic policy com-mittee of Citihank, predeted in January that U.S. interest rates would decline this year, and he maintains that his forecast is still "on rack."

A challenge

Mr Olsen says that hoth his-Mr Olsen says that both historical experience and economic theory show that interest rates decline as people's fear of inflation abates, and he believes this process is now at work in the U.S. The high real rates of interest "cannot stand" provided that the Fed keeps up the hattle against inflation, which he hance it will.

which he hopes it will. Mr Olsen, a monetarist hy inclination, also challenges the popular view that the Government deficit will push up interest rates. He says that the economic recovery, far from adding to the burden of credit demand, will add to the supply because companies will have excess cash to invest. He acknowledges that mar-

thinks differently, but he labels it "fickle" and says It could make a sudden ahift.

 Dr William Griggs, senior adviser et J. Henry Schroder Bank and Trust, believes the question is not so much whether interest rates go np or down, but whether they go down far enough te help the economy. And be doubts they

Unless the picture changed by a dramatic breakthrough on the hudget or a marked shift in monetary policy, both of which Dr Griggs says are unlikely, be expects the current state of alow economic growth, low infiation and high interest rates to continue. The economy could get a

boost from higher defence spending and tax cuts, but the burden of Treasury borrowing will keep interest rates at a level which will atific credit sensitive industries like housing. cars and durable goods. The real rate of interest may look high by historic standards, hnt it is not un-reasonable in the existing

David Lascelles

Paying the price of Reaganomics

IT IS highly ironic that its chairman, has probably

recovered some of that ground,

the Administration's fault. The

slump in the world oil price weakened oil stocks which were

powerful market leaders. But

the major casualties included interest-sensitive stocks (banks,

utilities, insurance com-panies), cyclical stocks like air-

the sinmp in the electronics

Oil price slump

but unsteadily.

Reaganomics supposedly a set earned it the highest level of of policies with a strong pro-business slant—should have Wall Street for a long time, failed to inspire a more enthusiastic response from that bitterly about the volati
sensitive barometer of the U.S. that its monetarist tactics he business climate, Wall Street. Eighteen months after Presi-

dent Reagan came to office, promising to free the U.S. economy from the burdens of excessive regulation and taxation, the Dow Jones industrial average is down 10 per cent and interest rates are only marginally lower (some long-term rates are actually higher).

The White House claims this is because Reaganomics has not yet had a chance to work, and Congress is making a mess of the Reagan budget that is supposed to put everything

right. But on Wall Street, the picture is a little more complex: while people generally like the idea of lower taxes and less regulation, they have developed a fixation about the \$100bn and over budget deficita that over-shadow Mr Reagan's plans. The markets seem to aignalling that this is too bigh a price to pay for whatever

benefits Reaganomics may bring in the long run. This view is not universal. In fact, the Wall Street scene is striking for the diversity of

opinion that exists there (see

loan business below).
While views may differ about the prospects, the consensus just now is that the deficits will force the U.S. Treasury to borrow record amounts of money in the years ahead, and that this will push up interest rates and prevent any sustainable economic recovery from

getting under way. Oddly enough, the consensus holds whichever way that key player, the Federal Reserve Board, moves on monetary

If the Fed maintains its firm grip on credit, the current clash hetween tight money and extravagant government borrowing will continue to hold up interest rates.

Should the Fed. on the other hand, yield to liberal pressures and ease up, it would risk inflaming deep-seated fears about inflation, and in the end interest rates would go back up again, as well.

As it is, the Fed's persistence in its 21-year-old war on inflation under Mr Paul Volcker,

INTEREST RATES

The high Budget deficits are worrying the markets says David Lascelles

	Wall Street for a long time, even though critics complain	·· •	Prime Rate	Inflation Rate	Prime Rate	
	bitterly about the volatility	1970	7.9	5.9	2.0	•
	that its monetarist tactics have	1971	5.7	4.3	1.4	Ī,
	injected into interest rates.	1972	5.3	3.3	2.0	
	In the atock market, these	1973	8.0	6.2	1.8	
	npheavals have had an impact.	1974	10.8	11.0	-02	,
	as broad as.it is deep. The Dow			9.1	-1.2	
	Jones rose briefly in the open-	1975	7.9		7.4	•
	ing weeks of the new Admini-	1976	6.8	.5.8	1.0.	
•	stration in early 1981, hitting-	1977	6.8	6.5	0.3	٠,
	the magic 1,000 mark and	1978	9.1	7.7	1.4	
•	coming within a whisker of its	1979	12.7	11.3	1.4	- ,
	all-time high of 1,051 before.	1980	15.3	13.5	1.8	
	relapsing into an 11-month slide	1981	. 18.9	· 10.4	8.5	
	which took it below 800—a fall	1982*	16.2	-8.1	8.1	
	of 20 per cent It has since	* 2 mont	hs .			
	recovered some of that ground	Source: F	ederal Res	erve System	ı, OECD	

rate has fallen from 20 per cent when Mr Reagan took office to around 16 per cent, largely because the key Fed funds rate on interbank money has eased. However, this fall is clearly insufficient to trigger an economic recovery, and it has not produced any major rally in the bond market

Yields on long term treasury panies), cyclical stocks like air bonds are currently in the 13-14 lines and manufacturing, and per cent range, little changed even the high technology stocks from a year ago, while corwhich were dragged down by porate bond yields have gone up a bit. Bellwether top-quality usiness.

Among the few exceptions per cent, about half to a full

soared during last year's largest- easier short term rates, reflect Wall Street's " gut " fears about the interest rate front, the outlook, and that improvements have Reaganomics will not be able to end of the market. The prime they come down.

to a trickle, though issues with return (six per cent and more); special attractions like zero these musual conditions have ready buyers. Borrowers will in for high interest rates. future have greater flexibility

point, these extraordinary con-

and relatively simple in another. Investors in stocks and bonds have suffered losses which in some cases have been very Last year, the Standard and

Poors composite Index of 500 stocks yielded a negative 48 per cent . .

Nimble traders

In current terms, holders of exchanges in New York-bonds did better, earning Chicago has whitted success returns of 10-15 per cent but contracts down to a mercial they bad to be nimble traders dozen. to avoid capital losses.

The winners were those who Among the few exceptions per cent, about half to a full funda (whose assets now total a prices. Initial reception has were companies involved in video games (like Warner Communicetions) and, of course, the takeover stocks which these rates, rather than the takeover stocks which these rates, rather than the takeover largest, easier short term rates reflect more by the last 12 dominated the field so for the months with virtually no risk of capital loss.

High interest rates have failed to pick up stock or bond reduced the pace of corporate bargains during the slump. But borrowing in the bond market with such high real rates of coupons or warrants have found actually created a constituency

These easy yields have been to take advantage of brief specially severe for the stock "windows" thanks to a new market because they have SEC "shelf registration" rule drained capital away from equity which dispenses with many investment. On the other hand, time-consuming registration for such "enormous amounts of

liquidity could spark a powerful From an investor's stand chally once the mood changes. The gyrations of both the ditions have made life painful fixed income and equity markets and frustrating in one sense, have created a fertile breeding ground for financial futures the highly leveraged instruments which enable investors and financial institutions to hedge themselves against market fluctuations or simply specu-

> Active contracts now exist for both short and long term interest rates in the U.S. and Enromarkets, though the intensity of competition between exchanges in New York and contracts down to a mere half

This spring has also seen took the simple route of invest- futures which enable investors ing in the money market either and traders to take positions through the money market on broad movements in share

also authorised options on In many ways, it seems just futures which offer an even little too easy, and money more highly leveraged way of market investors may yet turn trading on movements in finanout to be the losers for having cial and commodity markets.

Credit risk shadows lengthen

U.S. BANKS may have a lot of problems. but finding loan husiness is not one of them. Despite the recession, U.S. Industry and commerce is crying out for bank credit, pushing the volume of bank lending op to a record level of \$183bn in April.

The reasons are not specially healthy, unfortunately. U.S. companies need the money to supplement their reduced cash flow and finance unsold stocks. Normally, they would raise this money in the hond market, but they have been unable to because of the high interest rates there.

The briskness of loan business has enabled most U.S. hanks to increase profits, though the neward line is far from smooth. But these gains are only being registered under the darkening shadow of credit risk.

Domestically, bankruptcles have ahot np, producing spectacular failures like Braniff International and AM Internatroubles of sovereign borrowers in East

Europe and Latin America have added

to the strains. In addition, the recent huge default of Drysdale Government Securities showed that damaging bolts can also strike. from unexpected quarters.

Aside from Drysdale, which will wipe out Chase Manhattan's entire earnings this quarter, banks have braced themselves for failures and none are in difficulty. However, they have been forced to increase provisions for loan losses and reclassify doubtful loans, and this has eaten into earnings.

Even so, the strains on the U.S. banking system are still nowbere near as great as they were during the severe 1974-75 recession.

According to Mr George Salem, bank-ing analyst at Bache, the Wall Street investment firm, the peak for non-per-forming loans in 1974-75 was five per cent of total loans for major banks.

At the end of last March it was 2.3 percent, though he warns it could creep up to three per cent by year-end.

The problem is more alarming in the savings and loan industry, some of whose members are being crushed to death by high interest rates, prompting one of the most dramatic rescue apera-

Several dozen small S and Ls have either heen closed or pushed intomergers with stronger partners (their loan portfolios subsidised by the authorities to make them economic).

The drama reached a high point in April when Fidelity Financial, a \$3bn institution in San Francisco, was forced out of business. That bank may new be bought out by a large New York bank and used as an entree into the attractive California market.

Various legal and regulatory reforms are being put together in Washington to enable S and Ls to compete more effectively, and to beef up the resources a the rescuer's disposal.

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Plugging the 'Drysdale' loophole

BOLDNESS and cantion are the two virtues that America's banks and financial institutions find they need to prosper these days. If that sounds contradictory, it is because the fastchanging world of finance cur-rently offers mouth-watering opportunities for those who are bold enough to seize them. But it also conceals some nasty traps UK for the unwary.

Only last month three of New York's largest banks—none of them noted for recklessness took a \$300m rap from the default of a small bond trading firm hardly anyone had heard

At the same time, Bank of America, the U.S.'s largeat bank. got the preliminary go-ahead to buy a stockbroking firm mark-ing the first-albeit limitedstep by the banking industry into new pastures.

The default of Drysdale Government Securities con-tained some important lessons for the finance Industry because it showed just how badly its fabric la being damaged hy the excruciatingly high and volatile interest rates that have bedevilled the U.S. for three years

Sharp swings

On the one band, the sharp swings in rates have attracted aggressive and often under-capitalised traders into the financial markets, adding per-hans to trading volume, but also increasing trading jeopardy.

On the other hand, banks and investment firms have found interest, their profits so hadly squeezed Support by gyrating interest rates that they may have become less scrupulous about how they drum un business. How else could Chase Menhattan, Manu-facturers Henover Trust and U.S. Trust have had such enormous dealings with a firm that was clearly trading well

beyond its capacity?

The Drysdale affair has led to some sober re-evaluation on Wall Street Credit standards are heing tightened up; certain trading conventions are being changed to plug loopholes that. Drysdale was able to exploit. What remains to be seen is whether it leads to tighter

Treasury—acting very much in company and any other outfit the Reaganite spirit—are argu- that deals in credit.

INTEREST RATES ...

Comparison of International Bank Lending Rates to Prime Borrowers (end of period)

		•	•	•			
	1976	1977	1978	1979	1980	1981	Feb 1982
est Germany	6.00 6.50	7.75 6.90	11.75 5.50	15.25 9.75	21:50 11.50	15.75	16.50
K	15.50	8.00.	13.50	18.00	15.00	14.50	13.50
			Sou	rce: M	lorgan	Guara	nty.

ing against closer government. The big financial super-involvement in the Treasury markets that emerged from last securities market where Drys- year's takeover wave have yet dale came to grief, mainly to confirm the extravagant because they say Drysdale was promises that were made of

banking law to allow it to enter merchandiser's profits in new fields and join the financial first quarter of this year. Service "bundling" vogue that have been among the has already produced new creatures like American Express-Shearson, Prudential

Bache end Sears-Dean Witter, Traditionally, the U.S. has always been hostile to the idea of hanks becoming involved in the securities business, mainly because of possible conflicts of

Support has, however, heen growing in Washington for an Administration proposal to allow banks to set up securitiessubsidiariea which separately regulated by the Securities and Exchange Com-. mission.

The large banks have opposed this idea because they want to be able to participate fully and directly in the securities markets. But the huge Drysdale loss adds force to the argument that it would be prudent to oblige banks to deal in securities through identifiable, regulated — and capitalised - entitles.

As it is, the pace of regula-The principal regulators of pace, further blurring the edges the finance industry like the between what is a bank, an Federal Reserve and the investment firm, an insurance

Cut-throat competition has pared profits to the bone forcing some companies like.

Actual Life and Casualty to girth

Seers last October for \$600m was a \$10m drain oo the merchandiser's profits in the

The insurance companies who

have been among the prime

premiums up and risk losing market share rather than loin the blood-letting. Again, bigh interest rates are partly to blame. Insurers can obtain such high returns by investing their premium income that they can afford to cat rates. Whether they will be able to

pay out claims when ther start

movers in the shake up, are als

suffering from one of the worst downturns in the insuring

cycle in decades.

only cut market soon to judge.

However, politicians in Washington are focusing on how many other potential Drysdales there may he, and how they can have a sound be marked dumps, stockbrokers have not nesses in the U.S. financial been making large amounts of system. Thrift institutions there may he, and how they can have not nesses in the U.S. financial been making large amounts of system. Thrift institutions the province of the sound p promises that were made of there may he, and how they can has yet to reap much financial has driven home to regulators be spotted in advance. Some reward from its \$840m acquisits bow badly placed banks are

be spotted in advance. Some reward from its \$840m acquifust bow badly placed banks are congressmen appear to favour sition of Shearson. Nor is to compete against new-fangled savings and investment instructions are small.

The affair was unfortunately timed since it comes just as the banking industry is campaign.

Dean Witter, acquired by their socks and work to give place in the socks and work to give policy-holders a better respansing to the control of the policy-holders a better respansing to the control of t Change may be slow coming but it is on the way.

David Lascelles



The view from Wall Street of the front of the New York Stock Exchange (right)

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The flight to the Sunbelt

CONSTANT stirring is what has Sunbelt," a steady movement of always kept the American meltipeople and businesses which ing pot from boiling over. The obverse of the country's political stability and the consistency of its 200 years of economic progress has been the American people's extraordinary mobility.

Social finitive has contributed.

Social fluidity has contributed in several ways to the strength of U.S. business. As well as providing workers wherever entre-preneurs could use them, the mobility of the population bas arguably weakened the trade unions by subdividing workers into many regional and ethnic

It may even bave heen a fac-tor in the failure of Socialist ideas to make any beadway, even among American radicals, against the deeply-rooted belief that history is shaped by self-propelled individuals and not by governments or social groups or

The constant population movements, the waves of immigration a century ago and the eagerness to try new dife styles have also contributed to economic development from another direction. They have created powerful surges of demandfor new types of services and products, for ever-growing communications and transport networks, for new homes and urban infrastructures.

Indeed, some historians define the broad outlines of American economic develop-ment by these surges: the 19th century age of the railroads; the 1920s boom in the ownership of motor cars and elec-trical appliances; the post-1945 in the Sunbelt have been construction of the inter-state developed almost from scratch. highways (probably the largest It has meant, for example, that civil engineering programme in history) and, most importantly, the growth of the suburbs with their detached houses and indispensable equipment of increase in the price of fuel telephones, laboursaying

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people and businesses, which piped water have made orange began in the 1960s, away from groves and residential para-the old industrial cities of the dises out of some of the north-east and Great Lakes continent's most arid and inhosregion to the resource-rich pitable terrain. Water will
states of the south and west soon become as big a political
It bas shifted the country's and fiscal issue as energy,
political and economic centre
of gravity. Between 1970 and cities hit by the Sunbelt's

1980 just three of the 50 states

—California and Texas and
Florida—accounted for 42 per cent of the nation's 23m population growth. While the total population increased by 11:4 per cent during the 1970s, compared with an increase of 13.4 per cent in the previous decade, some of the Sunbelt states showed speciacular growth—63 per cent in Nevada, 53 per cent in Arizona, 43 per cent in Florida and 42 per cent in

Wyoming. New York State, meanwhile, lost 3.8 per cent of its people while the north east as a whole grew by only 0.5 per cent.

Shift in Congress

This population movement has been followed by a correspond-ing shift in the distribution of states enjoyed higher per capita Congressional seats and voting growth rates than the industrial power in Presidential elections. The 1982 Congressional election will be the first in U.S. history in which a majarity of the Housa of Representatives will be returned by Sonthern and

Western states. Economically it bas produced paradoxes and opportunities. The flight to the Sunbelt has contributed to the deterioration of northern cities and their 20 per cent fewer Americans go to work by public transport now than 10 years ago, despite two energy crises and the

Water is becoming the Sunbelt's most serious problem. Industrialists, farmers and The most recent of these citizens are already clashing population movements, over the rights to, and pricing which is now reshaping the U.S. of, water supplies. In states economy, is "the flight to the like Arizona, Utah and New

of the credit for their states. rising prosperity. In the past few years, bowever, as parts of the national economy have collapsed and as interest rafes, which affect all areas equally, have soared, it has become clear that the Sunbelt should not be viewed as a uniform economic region, sometroubles of America's traditional

have faced

industries and older states. The key construction industries have been hit bard construction throughout the Sunbelt and unemployment has risen. But more interesting is the fact that the resilience of other tertiary service-type industries, which had been mainly responsible for the Sunbelt's appearance of selfperpetuating growth, is varying markedly across the Sunbelt's various sub-regions.

building cities out of the desert

has created huge business

in many Sunbelt cities appeared to be self-sustaining. As the population grew, the seemingly

insatiable demand for bousing,

office space, retailing and services multiplied many times

over any initial injections of jobs and incomes into the area.

As population and demand grew, the local economies grew

still faster and most Sunbelt

growth rates than the industrial North East. On average, incomes

per head rose between 1970 and 1980 by 148 per cent in the South and West of the U.S. compared with 130 per cent in the North Eeast.

be the concrete manifestation of "supply-side economics." This is the theory that low taxes

and freedom from regulation

will stimulate entrepreneurs and

workers to lift an economy up

by its own bootstraps, whatever difficulties it may originally

Until the late 1970s the hooms

The impulse.

The tertiary industries' strength may prove to be not a self-perpetuating product of benign Government policies but, instead, closely related to the often overlooked variety of underlying advantages which gave each part of the Sunbelt its

initial impulse to grow.

This impulse may have come from the explosion in energy prices, as in the energy-nich states of Texas, Louisiana, Oklahoma and Wyoming. Or. as in some of the south-eastern states and the non-off-bearing parts of Texas, the stimulus may have been the relocation traditional manufacturing industries seeking cheap, nonunionised labour.

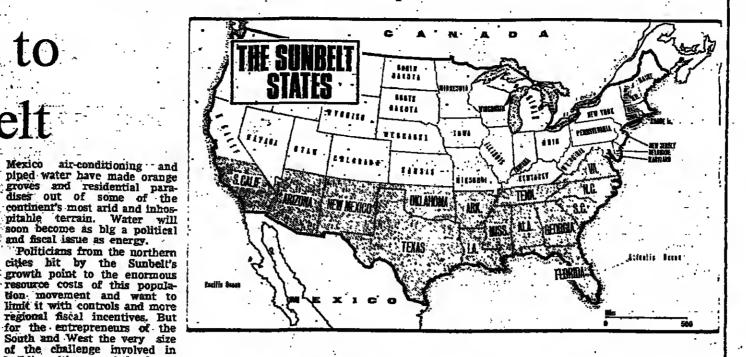
It may have been based, tourist and retirement industries, or the stimulus may aerospace industries. These in turn moved to Sunbelt states like Arizona, New Mexico and California largely because of the vast military establishments which tended to be located in remote and infertile areas

dependence of many Surfetht industries on defence and other Government contracting is a point which liberal Northern politicians try not to let their conservative Southern adversaries forget when it comes to voting on Federal

Indeed, investors in the

development.

Even supply-side economics, a



Housing was the first to succumb in the property sector when rates soared. David Lascelles discusses recent changes.

Drastic overhaul for real estate finance

American business has been hit by high interest rates, few seg-ments have had to absorb quite such a beavy blow as real

Anatole Kaletsky on how the mobility of Americans affects U.S. politics and economics

To many Americans—most importantly to the former Governor of California, Ronald Reagan—the Sunbelt seemed to After soaring at an un-precedented rate in the 1970s, values have levelled off and even, in some cases, declined. Spending on new construction weak, the rate of housebuilding is bumping along close to its lowest level since the war. Even normally bullish real estate brokers and investment advisers are urging caution.

Most Suppelt state govern-ments, with their "right to work laws" which make union closed The U.S. economic recession and the fact that inflation has at least temporarily subsided, shops illegal, their low local tax rates, low levels of welfare proare important factors in the vision and laisser-faire attitudes to business regulation, have probably earned some, at least, reduced interest in real estate,' said Mr Donald Bodel, president of Richard Edis, the U.S. ffiliate of the London property firm of the same name.

"More important, rental growth has subsided due to the economy and evidence of overbuilding in some areas," he

The slowdown might not be readily apparent to visitors to still pierced with cranes and the streets full of the roar and dust of construction.

However, these are the lingering vestiges of the extraordinary boom that followed the last real estate slump in 1974-75, one of the most severe the U.S. has suffered in the post-war period. The growth of the services industry, the rebirth of city centres as well as expansion into the suburbs created unprecedented demand for office space, and rentals

In the private sector, a com-bination of high inflation and the tax advantages of property ownership resulted in houses doubling or even trabling in value in only five years.

The property hoom had acquired such momentum that it managed to keep going for over a year after U.S. interest rates reached searingly high levels in 1980-81, with the prime rate hitting over 20 per cent. Housing was the first to succumb. Construction, which

hit a peak of 1.6m new housing starts (annual rate) in January 1981, plummeted throughout last year to only half that level this winter. The average mortgage rate is currently 16-17 per

Commercial construction held in Florida and Arizona, on the on a little longer before turning downwards in the second half industries, or the stimulus may of last year. Vacancy rates, have come from the new while still impressively low in some areas, are edging up, injecting a certain aoftness into

Although the downturn has been registered nationwide, it has obviously affected some areas worse than others. Vibrant cities like New York and those in the sunbelt states of the south and southwest have held up hetter than those in the recession-prone states of the north and mid-west. And top quality

property has been stronger than second class. To some extent, the size of the downturn—panticularly in housing—has been disguised by sellers willing to offer helow-market finance to purchasers in exchange for a strong price, a practice known by the euphemism of " creative financing."

But the owners of commercial real estate have also been obliged to be more creative to

General Motors, though based in Detroit owns a skyscraper in mid-town Manhattan which it tried unsucessfully to sell. In-stead, it made a deal with a group of investors including Kuwaitis, to grant them an return for a \$500m mortgage of only 10 per cent.

A reshaping

The high cost of money has already led to a reshaping of real estate finance. Aside from spelling the death of the fixed rate mortgage and bastening the changeover to a more European flexible rate system, it has produced new creatures like the equity mortgage in which fin-ance companies supply funds at below-market rates but share in a property's equity.

In commercial construction, the trend is increasingly away from straight bank or debt finance to equity finance and partnerships. This has greatly in-creased the opportunities for direct investment in real estate by institutions and individuals.

Foreigners bave been specially active. Brokers report a consistently high level of overseas interest in most types of com-mercial real estate, be it shop-ping malls or office blocks be-cause of the higher yields available in the U.S. market. Non-U.S. pension funds have

invested larger proportions of their assets in real estate (over 20 per cent in some cases) than the U.S. funds which have thus far been wary of raising the percentage share into double dig-

The UK Coal Board pension fund has accumulated \$400m of properties in three years. BP's pension set up a joint venture in

April with Aetna Life and Casualty Insurance Company to buy a \$100m office block in Denver, Colorado.

Yields on high class proper-ties have heen in the 8-9 per cent range, but real estate consultants note that they bave begun to edge closer to ten per cent recently, another sign of the downturn.

This more attractive return still looks meagre, however, compared to the 14 per cent and more that investors can currently obtain in the bond market. While some institutions are still buying, others say they prefer to park their funds in securities for the time being.

For holder investors, periods of market weakness are not the time to pull out of the market but to seek bargains.

"We expect to see some ex-cellent opportunities this year, said the manager of real estate investment at a major insurance company, though he added that money markets offering such high yields the amount of funds he channels into promay be smaller

The pace of foreign investment bas also heen inhibited by the strong dollar and new laws in the U.S. which tighten the tax net for non-U.S. investors in real estate. Brokers differ over how big an impact the 1980 law has had; some say it has scared people off, others maintain that good lawyers and tax accountants can find ways

With the U.S. economic outlook so uncertain, few real estate experts care to predict when the turnaround will come.

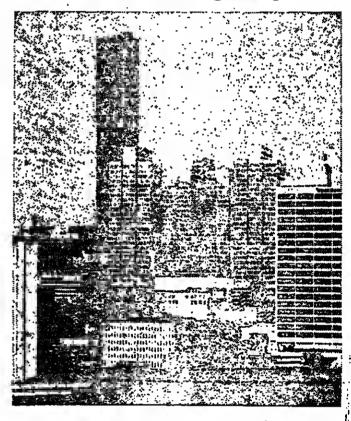
All of them agree, however, that a sharp drop in interest rates is the key. So they are watching indicators like inflation for clues. The progress of the budget hattle in Washington to hring down the Reagan Administration's huge deficits is important, so is the Federal Reserve's conduct of monetary

The present oversupply of space in many citias will also have to be taken up, which is why most people believe the market has still some way to go down hefore it starts hack up.

Optimists predict that the combination of liquid investors and the current construction slowdown will produce a sharp recovery with a lot of money chasing shrunken supply. Sceptics fear that U.S. interest rates will remain stubbornly high and depress the real estate market



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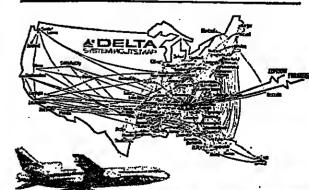
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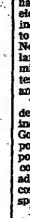
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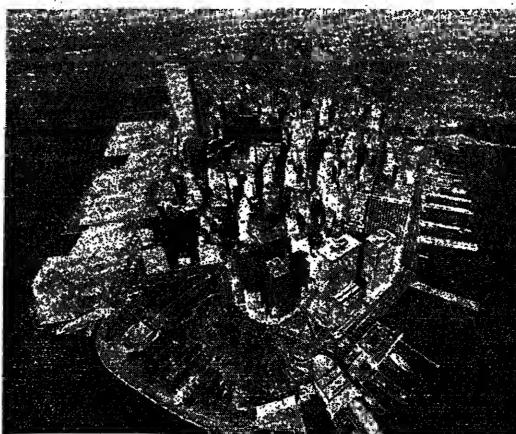
spending and tax cms.

It is generally expected that the Sunbest economies will diverge into several groups related to their local resources.

A recent Harvard-MIT report suggested, for example, that over the next 10 years growth will decline steeply in the Pacific and south-eastern states, while the cal-producing states and the mineral-rich Rocky Mountain region will consinue

properly market of two of the Sunbelt's archetypal boom towns, Houston, the Texas of capital, and Atlanta Georgia, the hub of the south-eastern region; say they are already discounting such a differential

low-wage hinterland and "right to work" laws are probably no match for oil wealth in pulling an economy up by its own bootstraps.



Aerial view of Manhattan: less affected by downturn in commercial construction

After an earlier hardline approach to the Soviet Union, Mr. Reagan now talks of his desire for a constructive relationship with Moscow

The tone of U.S. rhetoric has changed dramatically

Reagen, the Russians were liars and cheata," remorselessly determined to establish world demination without the slightest moral or pelitical tuhibition.

Mr Reagan said in his presiden-tial election campaign, there radically improved the pattern ef its worldwide behaviour.

Seventeen months into his ventions. residency, the same Mr Reagan is preparing for a summit meeting with President Leonid world events over the past year Brezhnev, the Seviet leader, and a half—whether in the and talking of his desire for a Middle East or in the South constructive relationship with Atlantic—has drummed home Moscow. A new round of U.S.- the lesson that the Soviet Union Soviet atrategic arms reduction is not entirely and exclusively talks (START) is to begin in responsible for every single Geneva in two weeks' time, and threat to world peace. Mr Reagan wants a mutual com-

changed dramatically. The Soviet Union is still "aggresemlnation without the slightest sively "pursuing its interests, toral or pelitical thibition. but we hear no more about Without the Soviet Union, cheating and lying. And yet Soviet troops are still waging a tial election campaign, there bitter war in Afghanistan; would be no problem "hot Poland remains under the heel spots" anywhere in the world. of military nppression and—if The U.S., according to the in-coming Reagan administration, —Soviet allies auch as Vietnam would have no centact with and Laes are using vicious
Moscow unless the Soviet Union Soviet-supplied chemical weapons against their oppnnents in defiance of international con-

What has changed? In the first place, the logic n Secondly, the pressure of

NOT SO very long ago, in the mitment to arms restraint while public opinion and the anti-words of President Ronald a new agreement is negetiated. Reason the Russians were The tene of the rhetoric has both in Western Europe and nuclear balance at reduced the U.S. itself, has convinced Mr Reagan that he cannot take the political risk of continuing his hardline approach — with-out at least making a shnt at a more stable relationship with

> Mr Reagan still believes that Communism is the Number One Enemy and must be confronted with all the means at America's disposal.

If he wanted to come tn Europe earlier this menth as a "man of peace." It was partly because be did not want hia visit to be remembered mainly for vast anti-Reagan demonstrations televised to milliona of viewers around the world.

levels (if be can't attain American superiority).

Thirdly, there have been significant shifts in the power balance in the murky world of pelitical Washington. After an extremely shaky start, Mr Alex-ander Haig, the State Secretary, has gained ground at the ex-pense of Mr Casper Weinberger, the hawkish Defence Secretary. Although he may net seem that way to many Europeans, Mr Haig, a former NATO Supreme Cemmander, is considered a dnve in Reagan administration

Mr Haig has angered conservatives by appointing pro-fessional diplomats to senier positions that they feel should held Ъу Reaganites, as well as by many of his attitudes to foreign

department has been the least Haig gave a major policy belicose department in trying speech warning of the dangers to counter the planned natural of Iranian, not Soviet expangas pipekine from Siberia to West Germany and other European countries-and soft nn Chlua.

Mr Haig regards U.S. relations with Peking as far more impertant strategically than its links with "loyal", anti-Communist Taiwan.

Despite his sometimes erratic

behaviour and his famous in-comprehensible "Haigspeak," he has managed to exploit his positinn as the only senior member of the administration with some foreign experience. Mr Weinberger, unlike Mr Haig, a member of the Reagan inner circle, is said by his critics to have failed in get on

much time travelling.

The shift in emphasis can be seen clearly in the Middle East. olley. When it became clear that He is regarded as soft on Iran was decisively winning its

top of his job and to spend teo

Arab nations. war with Iraq last month, Mr

strating his grasp of this point.

Saudi Arabia, still regarded

Israel, under Mr Begin's leadership, remains a major problem. The Reagan adminisof the pewerful Jewish lobby both in Cengress and outside it.

He made no attempt to brand Iran, in the usual Reaganite

terminnlogy, as a Soviet "sur-rogate" er "proxy." Much less is now heard of the nriginal plan to built a "strategic consensus" of friendly nations in the Middle East (including Israel) against the Soviet

Two things have altered that: • The first is the impossibility of persuading even the most moderate Arab countries to enter any kind of military arrangement in which Israel is a party, however blurred the definition of such an arrangement may be at the edges.

• The second is the growing, if reluctant recognition in Washington that the Soviet threat simply is not the predominant pre-occupation of the

sionism in the gulf.

By concentrating now much mere intensely on the Palestinian autonomy talks, and the crisis in Lebanon, Mr Haig at least seems to be demen-

In addition, it has become clearer that simply by giving military assistance to Arab countries, the U.S. is not going to gain automatic control over their policy-making.

—along with Israel—as the lynchpin of U.S. Middle East policy, has made it quite clear that it will not leap to attention at Washington's command simply because it has been allowed to buy a fleet of five American early warning radar aircraft (Awacs).

if it dees net receive the American arms it wants, it will turn to Moscow. But Washington's attempt te woo Arab countries with military aid continues, albeit in slightly lower key, as demonstrated by last month'a visit tn Washington by King Hassan of Merocco.

tration would like to do much more to restrain Mr Begin from his more provocative acts, such as the meve into Lebanon, and nut greater pressure en him to reach an autonomy agreement. But the administration remains a virtual prisoner

East "initiative" at least for the time being dead and buried. a major seurce of fransaliantic friction has been removed from the foreign policy arena. Indeed to have the over-riding importance he attaches to the Atlantic Aldiance — a pigrase they use loosely and rather strangely to cover all the industrialised countries, including

It is true that Mr Reagan came to office pledging to re-build the Alliance. But for most of his first year and a half, Europeans unly seemed to figure largely in his thinking when they had done something wrong, like being too friendly with the Soviet Union, or taging anti-vueler demonstrating anti-vueler demonstration. staging anti-nuclear demonstrations, er falling to support the administration's policies Central America.

American support for Britain over the Falklands is likely to have long-lasting reverberations for U.S.-Latin American policy.

Apart from Mr Haig, most of the senior members of Mr Reagan's team, often of Cali-fornian origin, appeared more Pacific than Atlantic erientated. That is still the case. It explains, at least partly, the stand up and be counted in this administration's continuing struggle, and not for example drive to persuade Japan to on the grounds of human spend more in defence, and the pre-occupation with Talwan.

merican early warning radar in Peking by Mr George Bush, especially over East-West relatoraft (Awacs).

the Vice-President, remains a tinns, but also on issues such as Jordan has made it clear that major unresolved problem, and El Salvader. Mr Reagan's it dees net receive the Amerione on which the administragrowing friendship with South tion is itself split.

Nnbody has yet come up with suggestion as to how to reconcile support for Taiwan, through continuing arms sales to appease Mr Reagan's Rightwing backers, with the maintenance of a close strategic relationship with Peking as part of the world-wide campaign to: stand up to the Soviet Union.

Similar dilemmas pervade America's own Western Hemi-sphere. The administration Mr Haig included, warns conatantly of the danger that the Soviet Union, either directly er via Cuba, will acquire a foot- even if it is coming over in hold en the continental land rather more velvety tones. mass of Latin America: But there is no evidence that

the propping up of Right-wing regimes will do anything other than make the feared threat

more likely to materialise.

The much-icolaimed elections in El Salvador may have been a setback for the Left-wing guerrillas, but they have back-fired in producing a govern-ment mere likely to promote revolution than defeat it

Mr Reagan's much trumpeled lan for the development of the Carlobean Basin is increasingly beginning to look like damp squib, despite its thittal welcome from some of the countries in the area.

American support for Britain have long-lasting reverber ations for U.S. Dath American pelicy—the U.S. is probably more bitterly haled than the UK in Argenting today—but Washington Is unlikely to agree with its critics that it was un-wise in the first place to needle up too closely to authoritation governments. Iftee that in Buenos Aries. All the signs are that it will a death of the that it will re-deuble its efforts

to do so.

For despite the change in tone, the fundamentals of Mr. Reagan's world outlook have not altered. He still believes that - Communism is tha Number One Enemy and must be confronted with all the means at America's disposal Friends are to be lidged on how far they are prepared fo rigints. ngors.
Differences with Western

China, despite the recent visit . Europe . remain ... profound, Africa and the whole question of Third Warld development. Here again, Mr Reagan remains unsbaken in his belief that developing countries must pull themselves up by their own bootstraps by exercising good capitalist principles despite the fact, as has been been pointed nut, that many of them have no boots, let slone

> Some of the eriginal preconceptions may have had to be abandaned in the light of experience, but the essential message remains the same,

beotstraps.

Reginald Dale

Wary eye on opinion polls

CONTINUED FROM PAGE I

Wall Street and in the business community has failed te materi-

Mr Reagan had heped in be able tn come to Europe with a budget compromise agreed be-tween House and Senate. He was however reduced te the position of having to assure his partners at the Versailles summit that a budget would soon be passed that would set deficits on a downward path, leading the something like budget balance at aome unspecified time in the future, and that interest rates would therefore soon start to come down.

Unfortunately for Mr Reagan, the Administration's economic mnnths have censiatently proved over-optimistic. Economic recovery is now predicted for the secend half of the year, but even Mr Donald Regan, the Treasury Secretary, admits that it will be anaemic if budget deficits are not brought under

Meanwhlle. has reached the post-war record reason why he delayed coming

pected-and the hoped for surge and when the recovery comes. of confidence in Reagenemics en The ene bright spot, a dramatic drop in the inflation rate, has ironically compounded the deficit problem by reducing expected tax revenues from

incomes and business profits. The economic malaise has presented Mr Reagan with twe serious political problems. If things de not improve much by Democrats to go into the elections arguing with some conviction that Reaganonomics haa failed. It is getting mere and more difficult to blame the recessioe on the Carter adminitratien.

Conversely, persistent economic problems make the actual pursuit of Reagonomics more difficult in itself. It will be far less easy this year for Mr Reagan to rebuild the coalition nf the Republicans and rightmarched into the lobby te of peace." But the main thrust support his tax and budget plans remains the overriding need to last summer.

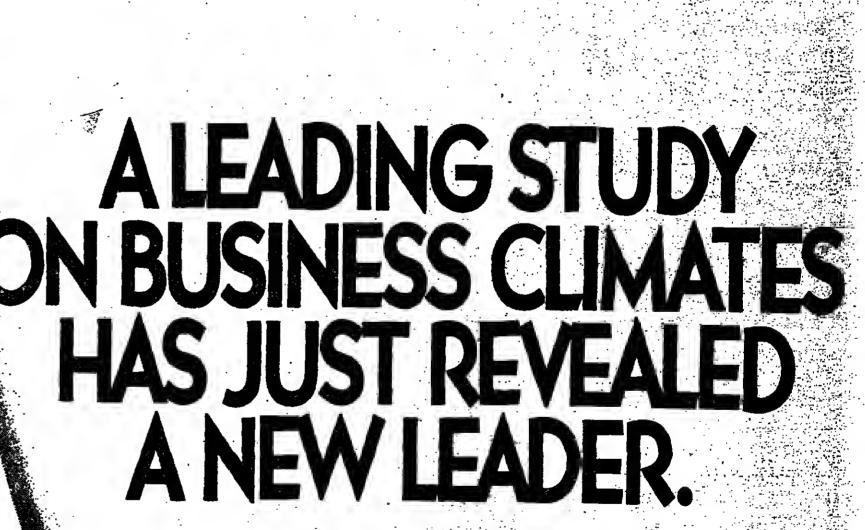
Mr Reagan's aides say his determination to get the unemployment economy straight first was the

come this munth, of course. because of the Versailles summit. But It is true he bas a tendency to concentrate on one issue at a time

His critics would say that he neglected foreign pelicy for much of last year while werking on his ecenomics pragramme. The conduct of fereign policy has also been made more difficult by the traditional rivalry between the Pentagon and the State Department, and the tension between Mr Haig and the outspoken Mrs Kirkpatrick, the U.S. Ambassador te the United Nations.

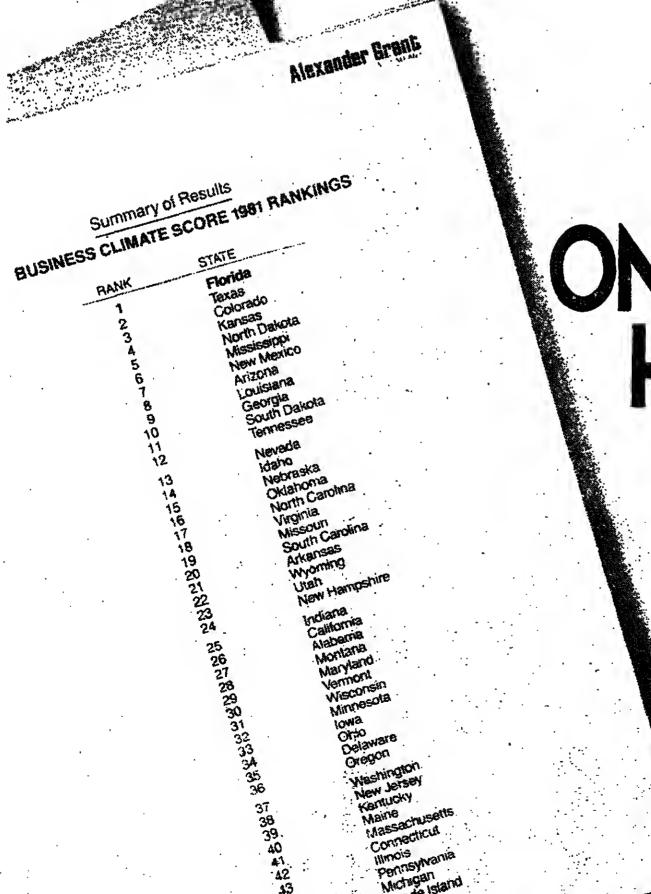
There can be nn doubt, how-ever, about the Administration's nverall mientation - as last week's speech by Mr Reagan to the jeint heuses of the British Parliament demonstrated. The time bas altered ever the past wing Democrats that joyously year. Mr Reagan is now "a man combat Communism around the werld with all the means at the West's dispesal. It may seund simplistic to many Europeans. But, as they say on the ntber level of 9.5 per cent and is not to Europe until he had been side of the Atlantic, "It plays expected to drop substantially if 18 months in mice. He had to well in Peoria."





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Khaled were in marked contrast

to those for King Feisal in 1975. His funeral had been

delayed beyond the customary

time limit to allow a gathering of heads of states and their rep-

several reasons why his passing

was a far more dramatic event. King Feisal was a formidable

which he was not qualified. To some friends and well-wishers

carbon resources, the assassina-tion by a crazed nephew sug-gested the possibility of the

regime's instability. Moreover,

the departure of a Monarch, who

concentrated power tightly in bis hands, raised apprebension

The smooth succession and

the quick evolution seven years

ago of a more collegiate form

of rule under the benign King

Khaled quickly laid those fears

to rest, showing both the

adaptability and the durability

of the regime. It may seem and

ing, if its collateral branches are

included, as many as 20,000

souls has despite its obscure,

halting decision-making pro-

locations of 1976-7, an orderly

economic growth well in excess.

pite the strains arising from the

As expected, Fahd as Crown

executive of what is still to a

contradiction between friendship; for the West and

of 10 per cent.

been shown capable of

is in many respects an archaic one. Yet the ruling hierarchy

2: of a proliferating clan number-

of a dangarous vacuum.

ie 14 1982

DEATH OF KING KHALED

New king's unenviable mantle

By Richard Johns



The late King Khaled and his successor King Fahd pictured centre. Prince Abdullah (right) is the new Crown Prince. Prince Sultan (left) is heavily tipped for further advancement

within the House of Saud represented by him and his six full

brothers-the so-called "Sudairt

Seven" by foreigners because

their mother came from the

important family of that name —is an object of resentment

among other members of the

of the other 30 surviving sons

His relations with Prince

Mohammed have long been bad.

In the past he has viewed with

some misgivings and distrust Prince Sand al Feisal, the

Foreign Minister, and Sheikh

Ahmed Zaki Yamani, Minister

of Oil. He is feared rather than

loved by leading technocrats in

of the leadership was achieved

National Guard with his strong

Bedowin roots and affiliations

bas duly become Crown Prince.

He will no doubt continue also

regime. The unresolved, con-

tentious issue relates to wbo

should be his successor. Prince

Balance in the upper ecbelons

the Government.

statesman by any standards
and a colossus in the Arab remarkable degree a family matters of state and a prefer- Kingdom's development ambiregion — roles to which King business both on the domestic ence for hunting, he seemed to tions are to be fulfilled. He
region — roles to which King business both on the domestic ence for hunting, he seemed to tions are to be fulfilled. He and foreign fronts. King Khaled, his elder half-brother, quarter of the world's hydro- a figurehead than had been assumed. Alt decisions were

deferred to his final approval. Moreover, he was e vital point of synthesis at the beart of the House of Saud, reconciling different factions, reconciling the more "progressive" modernising elements, whose leader was identified as Fahd iong before Feisal's death, and the traditionalists.

From this point of view King Khaled will be missed. His departure as an arbiter within the heart of the Royal Family could even result in tensiona end friction. In 1965, after several months of deliberation following the death of King Saud and the accession of King Feisal, be was chosen as Crown Prince very much as a compromise candidate. The Saudi clan, like most

such extended tribes in Arabia, disbursing ever-mounting oil has never followed the principle revenues to the tune of some of primogeniture. Seniority by \$350bn in the 1975-82 period age is respected devoutly and maintaining, after the dis- though. Chosen by a process of consensus and with the need for approval by the ulema, or priesthood, the leader elected It has also conducted a gener is the eldest member of the ally shrewd foreign policy des main branch—now the direct descendants of the founder, King Abdul-Aziz-reckoned best qualified to maintain loyalty and preserve the common

interest.

many observers e surprising compromise choice at the time. some friends and well-wishers essentially reigned rather than Prince Mohammed, his elder of the state possessing about a ruled. But he was far less of full brother, whose counsel is accordingly sought on any matter of importance, was passed over because of his volatile temperament and, evidently, his alcoholic bouts. It was he wbo ordered the extra-judicial execution for adultery of his granddaughter Princess Mishall in 1977. So, too, were two somewhat colourless brothers, Nasir Royal Family including some and Sad.

> Fahd, then the fifth surviving of Abdul Aziz. son of Abdul Aziz, seemed the most suitable candidate by virtue of his outstanding intelligence, grasp of the world at large and interest in development. The preference given to Khaled, bowever, reflected a respect for tradition. His close links and understanding of the tribes, as well as his piety and modesty were very much in his favour. The seizure of the Grand Mosque in Mecca in when Prince Abdullah was November 1979 by religious finally singled out in 1977 by fundamentalists — an almost the consensus as third in line atavistic eruption and extreme after debate and differences. protest against secularisation in The bluff Commander of the Saudi Arabia emphasised in no uncertain manner the need to satisfy and appease conser-

King Fahd would be as well to lead the levies whose prime aware as any member of the purpose is the defence of the ruling hierarchy, of the imperative of not offending traditionalist susceptibilities and the consequent constraints on the Sultan is the other outstanding for seven years been the chief mantle which King Fahd bas

portfolio for nearly two decades. tions are to be fulfilled. He Yet there are those who strongly lacks the common Bedouin oppose his becoming the next touch of the late Monarch. His beir epparent. gambling and lifestyle has been Differences about the place in the cause of adverse comment. The concentration of power

the hierarchy of the hardworking and ebullient Prince Sultan are likely to continue within the obscure bosom of the family. They are unlikely, though, to disrupt tha basic solidarity which the clan knows is e prerequisite of its survival. As far as the succession is concerned the most critical challenge remains some way in the future. That will arise when the consensus decides the throne should pass to another generation. But the existence still of 30 sons of Abdul-Aziz, the youngest of whom is only about 35, ensures that for the next decade at least there should not be a lack of sultable candidates

among them. Suspicions and rivalries may make it difficult for King Fahd to assert strong leadership. As Crown Prince, his performance has been inconsistent not the least because of his own very much less than berfect healthover-weight, diabetes and back trouble which may be partly responsible for his reputation for bouts of indolence. The probability is that be will rely more

beavily than before on the support of his full brothers among wbom Prince Salman, at present Governor of Riyahd, seems destined to a more prominent role. The fact that King Fabd bus to pursue optimum develop-ment, especially broadening of the country's productive base, compatible with social stability, tha containment of expenditure and keeping foreign manpower to acceptable limits. An immediate test of his resolve will be whether or not the longpromised Consultative Council and Basic Statutes of Govern-ment materialise. In March he renewed

Saudi Government will continue

pledge, first made in King Feisal's "reform programme" of 1962 and strongly reasserted by him early in 1980, that they would be promulgated in a matter of months. Over the years the time-honoured, traditional methods of consulta-tion have looked increasingly inadequate in a fast developing society even if they have been amplified by the advice sought and takeo from leading technocrats. It is not at all certain that be cen overcome the confusions within the ruling bierarchy es to what evolution of the system is necessary or possible:

Another test will be his response to the audible murmurs of discontent over the lack of movement in administration. Since 1975 there has been only one change

in the Council of Ministers. Inevitably, bowever, King Fand's overriding preoccupa tion must be the threat to the stability of the region and its traditional regimes posed by Iran which was sending shivers down Saudi spines anywey. He can take e greet deal of the credit for the formation of the Gulf Co-operation Council, the grouping of conservative Arab oil producing states, well before Iraq's final military collapse.

The course of events could he seen as a viodication of his policy of close co-operation and friendship with tha U.S.-one that bas come under increasing criticism from many, including princes, In Saudi Arabia wbo bave also looked askance at his willingness to allow the Kingdom's oil to be produced at a beyond its financial rate

Now his difficulties can only be compounded by the turmoil in the Lebanon, the crushing of the Palestinian resistance there by the Israelis and the prospects a radicalisation throughout the Arab world as a result. The Of a shy, almost retiring, dis- kind of social change which senior son of Abdul Aziz and formulator of policy in itself assumed is not one to be worn position, with no taste for arguably is necessary if the one who has held the defence assures continuity. At home the lightly or envied.

Lombard

The wrong issue for Mr Tebbit

By John Lloyd

the Thatcher Government early identified as the unions' antilibertarian Achilles beel, may prove the wrong issue on which

The so-called Tebbit Bill, due to become law this summer, discourages closed shops by requiring a massive vote in their favour to make them lawful. end offers workers who are unfairly dismissed for not joining an unlawful shop joining an unlawful shop possible pay-offs of £20,000 or

In the abstrect—the level at which much of the debate bas been cooducted—the closed sbop cen easily be represented as a repressive institution, It compels workers to join unions to which they may be indifferent or even bostile, and exects a membership fee for doing so. In many unions especially e for manuel workers, part of that fee—the political levy—goes to the Labour Party, nnless the worker goes through the often cumbersome business of contracting out. A clear case by two powerful groups, the employers and unions.

The issue is not, of course, It has its real victims—the Walsall dinner ledies, the Sendwell poultry inspector, the British Rail employees who won their case against BR in the European court—and others less well known.

All of these to whom this writer has spoken, appeared sincere in their opposition, neither bungry for publicity nor-as far as can be judgedconstitutionelly inclined to disrupt. They did not accept the basic union organisationel tenet-that unity is strengthand thus their outrage over being dragooned bad no countervailing sentiment. They were non-joiners forced to join: they revolted.

But there is more evidence that the system is not widely resented in practice. The unpublished Gennard report on the closed shop—commissioned by the last Labour Government and drawing its findings from more than 1000 private and nationalised companies—finds that only 12 per cent of mana-

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THE CLOSED SHOP, which cies; two in three of the shops made explicit provision for nonjoiners; and most were con-cluded when membership was already nearing 100 per cent.

Gennard's study was confined findings are bolstered by the recent plea from the Engineering Employers' Federation to Mr Norman Tebbit, the Employment Secretary, to delay implementation of the closed shop clauses for two years— after the next election—to avoid whet the EEF believes will be widespread disruptions. Mr Tebbit

is likely to do so. Most practising seem to regard the closed shop as part of the normal give and take of industrial life in which management gains something (orderly bargaining) and unidns gein something (a stronger leverage). It is elmost cerregard the retention of the system as more important than management - because it can essist them to gain begemony over working conditions, most of loss of freedom-connived et obviously in national newspepers' print sbops.

Most kinds of power are achieved at the expense of confined to the abstract level. individual liberty: managerial power over the conditions of labour no less than unions power to alter these conditions. In the abstract, citizens are free to choose whether or not to work for any employer or none, and it is intolerable that on exercising that free choice they should be compelled to join a union. Practically, most must earn e living within a restricted field of choice and the loss of liberty (to do other, enjoyable things) which that eotails — standing on a production line for eight hours a day, for example — is already so great thet another compulsion is neither bere nor there, especially if it brings, or is felt to bring, benefits.

Because this is so,

because most workers generally bave no very strong feelings about the closed shop, unions may find it difficult to rouse members in their defence. Equally, the Government, may well find that employers do not care to use the legislative tools, fashioned for them, which gers surveyed regarded closed would chip away at the shops as leading to inefficienwould chip away at their

Letters to the Editor

Current cost accounting: the Emperor's clothes

Sir,—I take issue with Michael Lafferty (June 7) in his comment on SSAP 16.

He criticises Keymer & Haslam as representing a part of the profession not concerned, with auditing or advising com-panies affected by SSAP 16, yet the letters page details the sad practical experience of preparing current cost accounting figures. Unfortunately the debate has taken on the air of the king's clothing, when the courtiers and wise men have

become so committed to a point of view that the home truths of practical clothes constructors are ignored. It is sad that, yet again, it takes the effort of a small but clear-sighted unit to do what the big battalions now realise they lack the initiative to do themselves. It is understandable that the Government would like an

agreed and generally accepted principle on which it could base its new company tax policies, but unfortunately life, and inflation, is not simple. By now, it should be clear that CCA is not a rational basis for taxation policy, and perhaps alternative, thoughts should be given to a

The DC-10 beyond

From the Corporate Vice-President—Europe McDonnell

this century

Douglas Corporation

able method, such as the pay-ment of a flat but low rate on in case of need." the profits published in the historical accounts. Barry H. White.

51 Fordington Road, Highgote, N6. From Mr J. Clayton

Sir,—I am grateful to Mr F. E. Bleasdale (June 9) for illuminating a problem that has troubled me for nearly seven years: why did the consultative council of accounting bodies (CCAB) reject the view of its chairman that now that Sandilands had reported, it should be implemented without delay?

He should read Governor Richardson's address advocating current cost accounting to reduce bank taxes and note Mr Richardson's embarrassment at the substantial reduction in that area due to the development of

leaseholding.

Bank profits are excessive?
I thought my table (June 2) pretty forceful to which might be added that between 1969 and 1979 profits of the Big Four rose elmost tenfold, commercialelmost tenfold, commercial-industrial profits 2.2 times and inflation 3.2 times.
As to the converse situation

simple and possibly less equit- I said "such tranche to be

My approval of current cost accounting has been expressed in many publications since 1975.
What I do — violently — disapprove of are the standard accounting proposals issued from time to time by the CCAB or the accounting standards committee. I do so because while pretending to implement Sandilands they attempt (deli-berately) to destroy it. Ab initio they reject its basic principle "money is the unit of measurement." Hence the monstrous monetary working capital adjustment formula for reducing bank profits by some 50 per cent—60 per cent. Ironically this formula postulates the stability of money whereas banks expropriated their depositors by way of inflation last year alone of £12bn!
Initial proposals by the standards committee draft 18—
were rejected in 1977 and it is hoped that the latest—standard will likewise be thrown in the dustbin by our members at the meeting on July 29. Jack Clayton.

when low interest rates apply Cheam, Surrey.

From Mr A. Kouyoumdjian

there is a report on the assasaination of a Turkish diplomat by Armenian terrorists.

alleged claim" that has led some of my more bot-beaded competriots to kill over 24

dare to refer to the Nazi Holocaust as "alleged." ashamed. Armen Kouyoumdjian.

U.K. timber importing

Sir,-I noticed in your report (June 5) on the planned merger of International Timber and Montague L. Meyer that our as an illustration of expanded distribution activities by foreign producers in the UK. quite accurate, but the impli-cation made in the article that this company has elbowed its way down the distribution system bypassing traditional importer contacts is certainly not the case. I am quite sure that Mr Meyer would agree that many of the developments that have taken place have done so with the encouragement of the UK timber importing trade who, in our case, still rank as prime customers because of their expertise, stability and interest in building up long term continuity through good and bad times. One of the objectives in our life is to avoid the vulnerability to the peaks and troughs

C. L. Grace, Tilbury Dock, Essex,

Street Pitch Outside Knightsbridge

Underground Station

18 Palace Gate CUMBERLAND HOTEL

Marble Arch

Corner of Lombard Street and Gracechurch Street

Berkeley Street MORONI

68 Old Crompton Street MOUNT ROYAL HOTEL

NEWS KIOSKS

Cadogan Place NEWS KIOSKS

London Hilton Hotel

Carlton Tower Hotel

NEWS KIOSKS Kensington Hilton Hotel

White House

Albany Street

NEWS KIOSKS

Churchill Hotel

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FOLLOW THE LEADERS.

INTERNATIONAL A

Sir,—The beadline "Douglas may halt DC-10 production" (June 9) is misleading, even on the evidence of the story which appears below it. The story gives an accurate assessment of the situation regarding civil aircraft but fails

to mention the military version of the DC-10—the KC-10A which is built on the same pro-duction line. The U.S. Air Force bas reaffirmed its requirement for 60 KC-10As. Firm orders have already been placed for 16 of these aircraft and the USAF or these aircraft and the USAF plan is to order the remaining 44 at a rate of between eight and 12 each year.

It is unlikely that the DC-10 line will be closed while these aircraft remain to be built.

The civil version of the DC-10 has by no means reached the end of its useful life and the programme of techonolgy up-dating referred to in your story will ensure that the DC-10 will meet the requirements of the civil market up to—and may be beyond—the year 2000.

market is depressad at the nationalised industries find moment and that times are hard themselves with a head grafted for both airlines and civil air- on from elsewhere.

craft manufacturers. But the depression will end and the DC-10 is in a good position to weather the two or three lean years ahead. No one can be absolutely.

certain of anything as volatile as the civil aircraft market and the word "may" is indispens-able when making predictions. I suggest, bowever, that a beadline which stated "Douglas may keep DC-10 in production for next 15 years" would give a more accurate picture than the one your newspaper used. ... W. E. Kramer. Scotio House,

66 Goldsworth Road, Woking, Surrey. Sources of suitable candidates

From Mr M. Webb-Bowen Sir, In your leading article of June 1 you underlined the difficulties of finding suitable candidates to head up nationalised industries. The announcement that Sir Derek Erra will be succeeded by Norman Siddall is one of the relatively rare everywhere of the principle of examples of the principle of succession operating in the public sector. All too often, after well-publicised difficulties It is no secret that this in finding the right person,

Unfortunately, the appointment of men of the calibre of Sir Michael Edwardes and Ian MacGregor is extremely rare. In both cases the men concerned were prepared to put up with the disruption of their careers. That they were prepared to do so shows that service in the public sector is not simply a question of money. It is, however, undoubtedly true to say that the difficulties of recruiting top people to bead up nationalised industries ere de greater by the relatively low salaries on offer. The con-solation of a knighthood is not enough to make up the differ-

> Should there not be more imagination used in the search for suitable candidates for the nationalised industries? Instead of going for one of the "stars" in the private sector and trying to lure him over, why not look at some of the successful divisional heads in some of our larger private sector companies? Such men in their middle to late 40s might welcome the challenge of a nationalised industry and the public sector salary structure need not be too greatly disturbed.

M. I. Webb-Bowen. 27a James Street, WC2. Assassinations of diplomats

Sir,-On Page 2 of June 3.

I vebemently protest about the reference to the 1915 massacres of Armenians by Turks as "alleged." It is the very neglect by the media to recognise and publicise this fact and referring to it as "an

diplomats. I wonder if any of you would

Armenian massacres did away with a higher proportion of the Armenian race (60 per cent) and no Nuremberg Tribunal nor compensation nor Israel-onthe-back of innocent Palestinians for us. Yet we are still around. I bope you are justly

46 Manor Drive, Wembley Park, Middlesex.

From the Joint Managing Director, Svenska Cellulosa (UK)

ence, particularly as many of the top jobs in the private sector also carry this ultimate of the trade cycle by co-opera-

London listing for Keppel

STOCK EXCHANGE dealings are expected to begin this Thursday in the sbares of Keppel Shipyard, a Singapore-based shiprepairing and shipbuilding company, while is also listed on the Singapore Stock Exchange.

In the financial information

In the financial information released today, the company reports that group sales have grown from \$83246m in 1977 to S\$757.1m in 1981. Pre-tax profits ber. during the same time period The company's share price at advanced from SS41.3m to the close of business in Sioga sS153.5m.

Of the total S8150m in S81 gives the company a market company a shares outstanding, some 71 per capitalisation of \$8597m cent of the sbares are held by Temasek Holdings (Private). The company's merchant which is wholly-owned by the Government of Singapore.

A break-down of the group's activities shows that 73.5 per cent Hoare Govett.

Bentalls sales up

Ariel dives

to £27,315

at year end

A DIVE of £110.025 to pre-tax

profits to \$27.015 has been shown by Ariel Industries for the year

to March 31 1982. Turnover of this maker of industrial fasteners, and light engineering

products remained virtually the

same at £7.7m, against £7.18m last

The dividend has been held at

1,352p with a repeated final of

9.811p net. This was in line with

the forecast made at the interim

stage when pre-tax losses of

£48,300 were shown, against previous profits of £56,200.

given as 0.02p (2.29p).

will be put to the AGM.

Earnings per 25p share were

The trustees of the overseas

employees' share trust have

agreed to enter the market as a

last resort buyer at 30p per share.

the necessary financial help. A

resolution to approve this move

£25,059, Retained losses of

subject to the company providing

Sir James Spooner, chairman Wardle, chairman, sald despite of Bentalis, the department a generally poor state of business stores operator, said at the AGM and an Indifferent start to the that sales to Juoc 5 showed an year the group "will make that sales to Juoc 5 showed an year the group "will make increase of 11 per cent over last money, although it is too early in the year to guarantee improved figures."

This, however, included sales of the store at Tonhridge.

He said that despite this he was not over optimistic about the first half of this year. Largely due to the opening of Tonhridge there was bank interest to pay this year whereas last year there was money on deposit. This would eat into first half trading profits. Nevertheless main profits were

earned in the second half and he was bopeful for another satisfactory year as a whole.

He stepped down after the meeting and Mr Edward Bentall succeeded him as chairman.

At other meetings chairman

Harnld Perry Motors: the chairman said tire company is still looking for evidence of a real improvement in the new car market. Competition conunues to be fierce, and profit margios are correspondingly narrow. However commercial vehicle profits have improved in 1982 to date.

George Wills and Sons (Holdings): Mr Jack Reynolds, chairman said: "Up to date management information indicates that we are matching last year's figures but past experience has proved that at this stage it is too early to make a firm forecast for the rest of 1982."

BOARD MEETINGS

The following companies have notified dites of board meetings to the Stock Exthange. Such meetings are usually haid for the purpose of considering dividends. Office is indications are notennes or ina's and the such accounts of ina's and the such divisions shown below are based mently on last year's timetable. TODAY

TODAY
Interims:—J. H Fenner. Kenning
Mitor, Stevart Netth.
Finals:—Itswick-Hopper, Ferguson
Industrial, MK Extinc. Property Holding and Investment Trust, WGI. FUTURE DATES Interims:—

The directors expect to maintain the gross dividend at SSO.25 per sbare for the company's financial year ending this Decem-	Castieffeid (Klang) Rubber Est, June 24 Code International June 18 Kistingnal (Rubber) Dvigman, June 24 Ligids Sank July 23 National V/estminister Benk July 27 Finals:—
The company's share price at	Chamberlain Pripps June 21 Continuous Stationary June 17
the close of business in Sioga-	Joseph (Lacoold) June 24
pore on Friday was \$53.98, which	Pauta and Whites June 17
gives the company a market capitalisation of \$8597m	Pethow June 23
(£159m).	Property Partnerships June 18 Stones: "July 9
The company's merchant	Sum a Clothes June 16
hankers are Morgan Greofell in	United Gas Industrice June 24

Rock Darham sees return to profits

A return to profit has been indicated for the second half by recent forecasts at Rock Darham. Mr Clarke, chairman, told members at the annual meeting. He also pointed out that management accounts for the four months to April show a much reduced rate of loss. Sales during the period have im-proved resulting in a greater absorption of overheads.

Baok borrowing bas been reduced as a result of attention to financial controls. Stocks were high in relation to turnover and a major effort has now been started to reduce these stock

The company has interests in motor and engineering parts dealers and in air conditioning.

Reckitt & Colman Australia

Pre-tax profits of Reckitt and Colman Australia, which is 69.73 per cent owned by the UK parent group, bave tumbled by 18.7 per cent to \$A7.2m for the half year to April 30 1982. Sales rose by \$.2 per cent to \$120.81m. While a considerable improvement is expected in the second half, the size of the first-half downturn means that profits for the full year will be lower than for the previous 12 months, the Tax charges rose from 251 to company states.

The interim dividend, oo inor the rest of 1982."

Fig. 851 emerged, against previous creased capital, is 7.5 cents

Barton Group: Mr John carnings of \$56.169. (same on smaller capital).

UBM puts hopes Upsurge at Intl. on streamlining Distillers

المكنا من الدُّعل

WITH the closure of 13 branches io its mainstream merchanting division and the closing of 10 other branches since the end of other branches since the end of its financial year, UBM Group. Britain's largest builders' merchant specialist, is determined to bring about an improvement in its trading position, says Mr Gerald Mightman in his first chairman's position, says Mr Gerald Wightman in his first chairman's

He says the group also wants to see a reduction in borrowings, which increased from £5.6m to

is no general upturn in the UK \$3.4m for extraordinary costs in economy, believes Mr Wightman.

He says all divisions suffered Bank overdrafts, sbort term from the intense competition and loans and acceptances totalled depressed trading conditions which existed during the year in As known, Mr Michael Phillips, which existed during the year in
the markets in which they serve.
The board one forces serve, who resigned as chairman and The board cao foresee only managing director in January, slight improvement in these was awarded £100;000 compensamarket conditions during the current year, he says, but is nevertheless determined that the company will recover to reasonable levels of profitability at the earliest possible date.

Commenting on the current level of borrowings, be says that although they are well within available banking facilities, they are too high in view of the current profit situation and the general economic outlook. The re-structuring of the merchant-ing division will, in due course, release a significant amount of capital and all divisions are operating in the current year on a basis which will generate funds. In the current year, substantial funds will be realised from the sale of surplus

The drastic action taken, particularly in the merchanting division, will bring about a return to profitability to the company as a whole even if there is no general upturn in the UK economy, believes 18.

was awarded £100,000 compensa-tion for loss of office. In addition, his executive pension arrangement has been supplemenied by £180,000. Meeting: Bristol, July 8, at

RTD Group recovers

pre-tax loss of £318,174 last time. Turnover edged up to £5.82m from £5.03m.

Despite the return to profit-ability, directors are not recommending the payment of dividends on the ordinary and preference shares.

After tax of £51,474 (tax credit of £194,765), net profit works out to £213.475 (net loss £123,409). With no extraordinary items (extraordinary debit £108,567), profit applicable in the group came to £213,475 (loss £231,976).

The earnings per ordinary share were stated at 9.6p (loss 5.5p), and net current cost adjustments totalled £80.568 (£71,446). Current cost profit for the year, after taxation but before extraordinary items, came to £132,607 (loss £194,855). Current cost earnings per ordinary share were stated at 6p (loss S.Sp).

RTD Group has staged a recovery, with pre-tax profits of results for the latter half were 15264,949 for the year ended adversely affected by major February 28 1982, compared to losses suffered in the hard losses suffered in the bard chrome plating companies following the collapse of the Stone-Platt Group.

They add, bowever, that the charge tax for the year benefits by the availability of losses forward from prior years.

On March 1 1982, the group acquired BMG Engineering (Swindon).

Directors say that since the group is beavily dependent on export sales, the recent Nigerian embargo on overseas purchases has had a serious effect on the operations of the two companies

In view of these uncertainties, the group must view the coming year with caution, the directors

Francis Shaw

At the annual meeting Mr Directors say that although the past year as a whole shows an hoped that 1982 will prove to be a better year for the company as repay stocking and other short sure the survival of this busi-

TAXABLE PROFITS of Inter-national Distillers and Vintners, the Grand Metropolitan sub-sidiary, almost doubled from £12.91m to £24.57m for the six months to March 31. 1982 on external sales shead from £323.97m to £367.62m.

Trading profits advanced from £21,36m to £33,46m, while share of associates added £92,000 (£222,000) and interest totalled £8.98m (£8.68m).

£1.41m (£769,000).

Hickson and

the UK and overseas have been maintained, but with demand for chemicals remaining weak . he does not foresee any significant improvement in overall trading profit in the second half, compared with the first half. As already known first half pre-tax profits rose from £2.21m to £3.83m on higher turnover of £50.97m, against £42.58m.

five garages

The Renwick Group announces that an agreement has been entered into with Vickring, a company in which the principal equity sharebolder is Mr T. R. Dillon, managing director of the company's motor division, for the sale of Renwick's five garages in Devon and Cornwall.

Vickring at par and to reduce other borrowings of the group.

Public Works Loan Board rates

Effective June 9 Up to 5 Over 5, up to 6...... Over 6, up to 7..... Over 7, up to 8..... Over 8, up to 9..... Over 9. up to 10 ... Over 10, up to 15... Over 15, np tn 25... Over 25 * Non-quota loans B are 1 per cent bigher in each case than non-quota loans-A. ? Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With balf-yearly payments of interest only.

FINANCE FOR INDUSTRY TERM DEPOSITS.

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than

Deposits to and further information from The Treasurer, Finance for

Amsterdam-Rotterdam Bank N.V.

Commerzbank Aktiengesellschaft

The Royal Bank of Canada Group

The Sumitomo Bank, Limited

Genossenschaftliche Zentralbank AG

Industry plc, 91 Waterioo Rd., London SEI 8XP (01-928 7822, Ext. 367), Cheques payable to "Bank of England, ac FFI" FFI
is the holding company for ICFC and FCL

Financial Times Monday June 14 1982

U.S.\$30,000,000

SUMPTOMO HEAVY INDUSTRIES, LTD.

(Incorporated with limited liability in Japan)

Guaranteed Floating Rate Notes Due 1984

Unconditionally guaranteed as to payment of

principal and interest by

THE SUMITOMO BANK, LIMITED

(Incorporated with limited liability in Japan)

In accordance with the provisions of the Notes and Agent

Bank Agreement between Sumitomo Heavy Industries, Ltd.. The Samitomo Bank, Limited and Citibank, N.A., dated 5th September, 1979, notice is hereby given that the Rate of Interest has been fixed at 15 % p.a. an dthat the interest payable on the relevant Interest Payment Date, 13th September 1982, against Coupon No. 12 in respect of U.S.\$25,000 nominal amount of the Notes will be U.S.\$970.31.

UNITED MIZRAHI INTERNATIONAL

INVESTMENTS N.V.

US\$10,000,000 FLOATING RATE NOTES 1983

UNCONDITIONALLY GUARANTEED BY

UNITED MIZRAHI BANK LIMITED

period from May 28th, 1982 to November 30th, 1982 the Notes will carry an interest rate of 15% per

The Agent: CREAFIN S.A.

Zollikerstrasse 181, 8034 Zurich

In accordance with the provisions of the Notes notice is hereby given that for the six-month interest

CITIBANCO

TCB United Bank of Kuwait 12 5

BASE LENDING RATES ABN. Bank 124% Grindlays Bank 124% American Express Bk. 124% Guinness Mahoo 124% Henry Ansbacher 124% Arbuthnot Latham 124% Banco de Bilbao 124% Bank of Ireland 124% Bank of Ireland 124% Bank of Ireland 124% Bank Street Sec. Ltd. 14% Bank of N.S.W. 124% Bank of N.S.W. 124% Bande Belge Ltd. 124% Banque Belge Ltd. 124% Banque Belge Ltd. 124% Banque Bulge Ltd. 134% Banque Guaraotee In Transle S.A. 13% Brown Shipley 13% Standard Chartered Trade Dev. Bank Trustee Savings Bank TCB Cayzer Ltd. 124% Cayzer Ltd. 124% Cedar Holdings 13% Cuited Bank of Kuwait Whiteaway Laidlaw Whiteaway Laidlaw

Cavendish G'ty T'st Ltd. 14 %
Cayzer Ltd. 121%
Cedar Holdings 13 %
Charterhouse Japhet 121%
Choulartons 13 %
Citibanks Savings 1121%
Clydesdale Bank 121%
Comm. Bk. of Near East 121%
Comm. Bk. of Near East 121%
Cooperative Bank 121%
Cooperative Bank 121%
Corinthian Secs. 121%
The Cyprus Popular Bk. 121%
Duncan Lawrie 121%
Eagli Trust 121%
Exeter Trust Ltd. 132%
Exeter Trust Ltd. 132%
Exeter Trust Ltd. 134%
First Nat. Secs. Ltd. 154%
First Nat. Secs. Ltd. 154%
First Nat. Secs. Ltd. 154%
Morgaga base rate.

14th June 1982

By: Citibank, N.A., London, Agent Bank

Tax took £2.83m (£1.52m) leaving net profits at £21.74m (£11.39m) before minorities of

In the last full year the company made pre-tax profits of

Welch second half outlook

IN HIS interim report covering the six mouths to March 31 1982 Mr T. Harrington, the chairman of Hickson & Welch (Holdings), points out that there bas been little change in the contiouing problems affecting the chemical manufacturing operations, since the last annual meeting.

As a result further rationalisation is being implemented which will involve a reduction in the numbers employed. The cost of these redundancies, estimated at £0.85m, will be reflected in the second six months' results.

The chairman says that timber

Renwick sells

Consideration for the net assets to be acquired will be £1,231,000 and £602,000 will also be received from suppliers by way of repay-

they start to bencht from diffi-cult and very painful measures subscribe for 225,000 redeemable taken over last two years to en- preference shares of £1 each in

Business Acquisitions in North America

If you are considering a business acquisition in the United States or Canada, Goddard Franklin can assist by:

- identifying suitable investment targets. Assessing their profitability and comp
- organisations.

 Determining a fair price.

 Negotiating a workable transaction.

 Structuring the deal to minimise taxation and maximise
- Ongoing business management.

Principal Laurence Franklin will visit London, June 14 through 16. An appointment may be arranged through Mr., Reginald Franklin at 01-629 4167.



Turonto 416/595-9640 financial services to corporations and New York 212/719-5197

This announcement appears as a matter of record only.

April, 1982

U.S.\$50,000,000

Tampa Electric Company

Revolving Credit Facility

Managed by Kidder, Peabody International

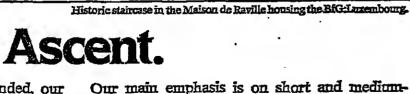
Funds provided by

Banco Urquijo Hispano Americano County Bank

The Chase Manhattan Bank, N.A. Crédit Lyonnais

The Industrial Bank of Japan Trust Company Société Générale de Banque S.A./Banque Belge Limited · Swiss Bank Corporation

The Chase Manhattan Bank, N.A.



Since 1973, when our Bank was founded, our total assets can boast of a steady increase - from 910 million to 8,513 million DM in 1980. Also in the Bank's ninth business year the balance sheet total went on rising vigorously.

glance:	1981	1980
	in million	DM
Total assets	10,595	8,513
Due from credit institutions	3,644	3,436
Due from customers	5,816	4.455
Due to credit institutions	9,098	7,372
Own resources	260.1	201.3

Our main emphasis is on short and mediumterm Euroloans, money market operations, and securities and precious metal trading. We are a wholly-owned subsidiary of the BfG Bank für Gemeinwirtschaft, Frankfurt (consolidated total assets 57.6 bn as at the end of 1981).

Despite the unsatisfactory situation in many sectors of the world economy we are optimistic about the future. We rely on our competitive strength, which we shall be glad to demonstrate.

BfG:Luxembourg, Société Anonyme, 17, rue du Fossé, Boîte Postale 1123, Luxembourg, Telephone: 4771011 (General), 29355 (Money Trading), 47 41 44 (Securities), Telex: 1415 bfg lu (General), 1213 bfg lu (Money Trading), 3152 bfg lu (Securities).

Challeuge us.

- the second second

BfG:Luxembourg

Companies and Markets UK COMPANY NEWS APPOINTMENTS

Morgan Crucible chief expects 'steady progress'

records to be broken at the Morgan Crucible Company this Morgan Crucible Company this year, says Mr Ian Weston Smith, the chairman, in bis annual report. Instead, he says, simply steady progress is expected and a sense of regaining lost ground with optimism in the ascendency.

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Recovery in the ascendency.

Recovery in the UK subsidiaries, and rather more difficult trading. conditions in the majority of overseas markets, are what the company sees for the rest of 1982.

He says the U.S. economy is fully e year late with its promised upturn, as was the UK. "Recessious are much uglier than they used to be, and there must, therefore, be some hesitance, about the kind of recovery which leads on to growth."

He reiterates what he said in his preliminary statement in April that for the group as a whole, pre-tax profits for tho first six mouths are expected to show a very noticeable improvement over the first half of 1981.

As known, pre-tax profits for the rear to-January 3, 1982 foll from £10.03m to £8.07m. Sales to

third parties advanced from Sales were little changed at £123.7m to £133.01m. Sales were little changed at £41.53m (£41.45m) in the thermic division where the components and materials had a significant fall in demand seen third parties advanced from £123.7m to £133.01m.

overseas companies contributed valiantly, showing great sensitivity and understanding towards the troubles of UK industry, even though they themselves were beginning to experience the first tremors of the U.S. giant subsiding into recession.

Mr Weston Smith says 1981 "was not e nice year" but among its compensations was the fact that 1,500 people completed 25 years' service with the company. Looking at the group's various divisions, he points out that in electrical carbon, the British companies did not trade profitably until the second half and the division throughout the year. Sales in this division improved from £29.27m to £32.29m, with trading profits down from £3.55m to £3.13m.

in the fourth quarter of 1980 continued into the first quarter of 1981, especially in the UK companies. Re-organisation and redundancy costs amounted to over £350,000 as a result of action taken on production

division in e healthy position for 1982, and its intense concentraproductivity and improvements will 023

produced its results. These show an increase in sales from £61.74m to £67.19m, but profit after tax was down from £1.96m to £303.000. Not included in the figures are exceptional profits amounting to £1.8m arising from the sale of property. Group shareholders' funds

£1.72m to £5.49m. Meeting: Institute of Directors, 116 Pall Mall, SW, July 8 at

Mr Robort Jones has been appointed marketing director of MYSON DOMESTIC PRODUCTS, e member of the Myson Gronn He moves from the beating divi-sion of Glynwed Appliances where he was marketing direc-

also been appointed managing director. Mr John J. Ree continues on the board and will assume responsibility for the control and future development of group reinsurance in London.

JOHN HOWARD & COMPANY

with Gallaher.

chairman.

Mr C. R. Reeves, deputy chairman and group chief executive of Morgan Grenfell and Co. has been appointed a non-executive director of ANDREW WEIR AND CO.

Mr Douglas G. MacDonald has been appointed chairman of WILLIAM MUIR (BOND 9) in plecs of Mr Geoffrey C. Patterson who is retiring.

Four leading industrialists have been appointed additional vice presidents of the INSTI-TUTE OF MARKETING. They are Sir Adrian Cadbury, chairman of Cadhury Schweppes; Sir Ernest Harrison, chairman and chief executive of Racal Elec-

Major promotion at **Kyle Stewart**

tronics; Mr John Harvey-Jones, chairman of Imperial Chemical Industries, and Str Alex Jarratt, Contracting has appointed Mr Roger Downing as chief execu-tivo. He joined Kylo Stewart, chairman and chief executive of construction group a year ago to set up the management contract-Reed International, ing company. Formerly Mr Downing was managing director of Yooman's, a Bovis subsidiary.

The Industry Secretary has appointed Mr Colin Corness, chairman of Redland, to the INDUSTRIAL DEVELOPMENT ADVISORY BOARD. Mr T. C. Stephenson has been appointed managing director of GRAFTON. He was formerly

The BBC's board of governors has invited Lord Caldecote to become chairman of the BBC's BRITISH RESERVE INSUR-ANCE CO. has appointed Mr general advisory council. He will take up this post in November shortly after he retires as chairman of the Delta Erich Scherbeum to the board.

Mr Scherbeum, the deputy
genoral manager of its sister
company Interunfall end chief
sxecutive of RAS, Austria, has

The Energy Secretary has ppointed Mr Keith Rolls villams, head of group Willlams, Petroleum Company, as a member of the Advisory Council on Research and Development for Fuel and Power (ACORD).

announce that, following his re-tirement, from the hoard, Sir Mr W. J. Ridgway has been sppointed a group board director of TWINLOCK. He remains John Howard has been appointed president and Mr Edwin Garner aging director of Dublinbased Twinlock (Ireland).

> Mr Charles Rich has been appointed a director
> MANAGEMENT APP ector of APPOINT-

> Mr Hugh Kirten has been appointed sales and marketing director of TORVALE TRANS-MISSIONS, Bridgwater. He joins after 10 years as sales and marketing director with Speedwell Gear Case.

Mr Duncan Whitfield, chairman of Hometune, bas been slected president of the EURO-FEDERATION for a three-year

Mr Frank Jones is promoted to export director and Mr Chris Mahoney to financial director of PYRENE CHEMICAL SER-

The TUDOR PHOTOGRAPHIC GROUP has made the following appointments to main group board: Mr John Ball, general manager; Mr Alistair Baxter, sales director: and Mr Michael Lehr to financial director.

Mr Richard George Leivers has been appointed e director of PETER BLACK HOLDINGS. He is. a director of Peter Black (Keighley). Mr Gordon Peel has been appointed secretary of Peter Black Holdings to succeed Mr Helmut Rothenberg, who continues as a director.

Lord Pritchard has been reelected president of the BRITISH EXPORT HOUSES ASSOCIATION. Mr A. J. Ponté. the past chairman, and Mr W. A. Newton Jones bave been elected Revnolds, executive chairman, TKM International, has been elected chairman of the associa

Official International Carrier for the XII Commonwealth Games Brisbane 1982. This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange



Issue of

U.S. \$60,000,000 **GUARANTEED FLOATING RATE NOTES 1989**

Extendible at the Holder's option to 1992 Unconditionally and irrevocably guaranteed as to payment of principal and interest by

BANK LEUMI LE-ISRAEL B.M.

Issue Price-100%

Application has been made to the Council of The Stock Exchange for the Notes constituting the above issue to be admitted to the Official List. Particulars of the Notes are available in the Extel Statistical Service and may be obtained during

usual business hours up to and including 28th June, 1982 and the following branches of: BANK LEUMI (UK) plc

CAZENDVE & CO 12 Tokenhouse Yard,

London EC2R 7AN

4-7 Wondstock Streat

34-35 Queen Street. London EC4P 4BT London WIA 2AF

14th June, 1982

THE SCOTTISH INVESTMENT TRUST PLC

1982 interim results (unaudited) 30 April 1982 31 October £178.1m £169.3m Total assets Net assets per stock unit 183.5p 176.5p. 1981 6 months to 30 April 1982 £3.624.000 £3.713.000 Gross income Earnings per stock unit 2.12p1.70p 1.70p Interim dividend per stock unit 30 April 31 October Geographical distribution 1981 of assets 40 USA Far East Europe and others

Thechairs that dreams are made of "Another big yawn from Dantas" "Another big yawn from Qantas".





"You tempt First Class travellers to Australia with sweet promises of 5-star fare.

The finest champagne. Vintage wines. All the etceteras.

"Then, you lure them into those outrageously comfortable Sleeper Chairs. "Knowing full well, they won't stay. awake long enough to take advantage of

your pampering. "Well, it's hardly surprising they drop off as soon as their heads touch the pillows. "What with fully adjustable padded

"All of 4ft 6ins between

"And enough

legroom to accommodate even the most long-legged of loungers. "OK, Qantas! So all those wellrested passengers can now disturb my peace and quiet with even more vigour. "But don't expect me to take it

OFNTHS Daily to Australia

He says the group searched vigorously for opportunities to invest profitably and by late summer, Hydrotex looked to be the ideal sister company for its lubrication subsidiaries (Rocol UK and Franklin Ohio), as well as a most successful profit earner in its own right.

continue, he says. Morgan's accounts for the year-end, Le Carbone-Lorraino SA bas

the year-end were £62.71m (£62.47m). Current assets were £72.59m against £61.28m, and net current assets improved from £26.61m to £37.54m. Debtors and bills receivable, less provisions, amounted to £36.22m against £30.7m, and short-term deposits and bank balances were up from

RESULTS AND ACCOUNTS IN BRIEF

February 28 1982 and outlook reported (£14.13m). Current seess £11.17m (£13.64m), Including cash et bank and on deposit £442,971 (£3.68m) and dabtors £2.11m: (£1.04m); current llabilities £13.83m (£9.81m), including bank overdrefts £3.12m (£136,383) end creditors, £9.18m (£5.28m). Occresse In working capital £275,879 (£2.23m Increase). Masting: Great Eastern Ratel, £C, June 24, noon.

Hotel: EC, June 24, noon.

ADVANCE SERVICES (linen supply and lauodry group)—Results for 1881 reported May 20, 1982. 5 harsholders' lunds £17.85m (£17.65m). Flast sasets £21.99m (£12.55m). Not current assets £2.29m (£14.3m). Working capital decreased £886,000 (£283,000 increase). Not flightly turids increased £2.97m

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

ASSOCIATED BRITISH FOODS (manufacture and eals of load)—Results for year to April 3 1882 reported May 25. Shareholders' lunds £543.24m (£481.4m); loans £101.74m (£85.18m); fixed assets £558.44m (£439.88m); nat current assets £141.28m (£131.5m), including cash £37.54m (£17.73m) end loans £52.59m (£43.87m); increase in borrowings £8m (£17m increase). Meeting: Connaught Roome, WC, June 25, 11.00 sm.

Connaught Roome, WC, June 25, 11.00 am.
ELLEMMAN LINES (shapping, braveling, maurance)—Results for 1881 reported May 15. Shareholders' furgle-£33.35m (232.64m): losns - and debantures £34.68m (£52.32m): fixed assets £111.57m (£134.83m): nat current essets £1.85m (£4.94m labilities): nat decrease in liquidity £3.5m (£4.04m increase). Meeting: 12-20 Carmomile 3treet. ÉC, June 23, noon.
GRAMPIAN TELEVIBION (Television channel, properties and travel spancy) channel, properties and travel agency)

Regults for year to February 28 1982, reported on April 24. Fixed assets

EB.34m (£4.5m). Current assets £2.17m (£1.54m). Current liabitues £2.77m (£1.71m). Shareholders' lunds £4.67m (£4.17m). Nat decrease in

OWNER5 ABROAD GROUP (travel and leiaure)—Results for 1981 and prospects reported March 4. At Decamber 37 1981 (compensives at March 31 1981); ahareholders lunde 55.03m (523,957); fissed seerts £1.19m (nil); net current assets £367,385 [114,958); increase in net liquid lunde 5721,832. Meeting: Orest Eastern Hotal, EC, June 29, 11.00 sm.

24.67m (E4.11m). Nat apprease in warking capital £771,000 (£27,000). Chairman says first quarter of current year is encouraging. Meeting: Aber-

EC, June 29, 11.00 sm.

ALLIED PLANT GROUP—Results for the year anded Occamber 31 1381 reported May 15 in oreliminary statement with prospects. Group fleed easets £2.92m (£3.26m); not current assets £560,000 (£2.25m); shereholders' funds £3.46m (£4.61m). Meeting, York, June 28, 11.39 sm.

PENDING DIVIDENDS

Date	Announce- ment lest year	Dens	Announce- mont leat year
Allled	•	Imperial ·	•
Colloids July 18	Final 2.087	Cont GasJuly 7	Final 5.3
Alinatt		Imperial	
LondonJuly 15	Finel 3.4	GroupJuly B	Intern 2 70
	F(110) 3.4		Interim 2.75
Associated NewspepersJuly 15	Internal or 4 P	IncheapsJune 17	Finel 11.0
	Interim 4,5	InitialJuly 20	Final B.25
BPB IndeJune 30	Final 5.0	International	
Baker Perkins Suns 24	Finel 6.0	TimberJune 18	Finel 2.0
Bath end		*Johnson	
Voly 1S الد. Portland	Inten m 2.0	MattheyJune 15	Final 8.5
Bilton		*Kenning	.,
(Percy)July 28	Finel 4.4	MotorJune 14	Interim 1.75
British & Com .		LRC InternatiJuly 13	Finel 1.B
ShippingJuna 18	Final 7.0		Interim 9.62
Frown (John) July 24	Final 2.5	*Lloyds BankJuly 23	Interim 8.02
Butterfield-		*London O'sees	
HervayJune 15	Final 1.0	FreightereJune 18	Finel 1.072
Centrovincial		MFI Furniture July 23	Fine! 1.52
EstatesJuly 2	Final 1.33	Megnet and	
Charter Cons	Final B.B -	SouthernsJuly 14	Finel B.Q
chlorideJune 24	Final nil	Mayer	
ChubbJune 74	Final 3.478	(Mont L.)July B	Final 1.25
Daily Mell &		NorcrossJune 25	Finel 3.56
Gangral Tst., July 13	Interim 11.0	"Pawell	
Davy CorpnJuly 23	Final 4.7	BuffrynJuns 23	Final 9.55
Dawson IntlJuns.17	Finel 5.25	*Racal	
DistillersJuly 15	Final 7.75	ElectronicaJune 22	Final 3.4
DowtyJuly 21	Finel 2.B	Rank	
Electro-	1 1101 2-0	OrganisationJuly 13	Intenm 4.B
Components. June 25	Final 5.5	RadiendJune 25	Final 4.87
English China	1 mai 0.0	RenaldJune 25	Finel nil :
ClaysJune 17	Interim 2.7	Rothmans	
Cloya Julio 17	intenm 2.7	lintlJuly 18	Final 2.85
Industrial	F:1 2 0	3G8June 30	Interim 2.3
מושנים ביים ביים ביים ביים ביים ביים ביים ב	Final 3.3	Scottish & Newc	
erranti	Final 4.0	· SrewerissJuly 2	Fine! 2.875 .
El IntiJune 23	Final 3.555.	BOD GroupJune 11	Final 2:91 .
estetnarJuly 18	Interim 1.25	*Tesco StoresJune 16	Final 1.55
renadaJuly 1	Interim 1.75	Thom EMIJuly 10	Final 10.575
U3 , July 16.	Final B.O	Trusthouse	1 11141 10.070
reans KingJuly @	Final 4.2	- FortaJune 25	Interim 1.5
Suinnese (A.) June 15	Intenm 1.575	UnigeteJuly 18	Finel 4.0
AT GroupJuly 13	Final 1.25	*Union	1 11101 4.0
ambroaJune 23	Final 160.0	· DiscouptJuly 21	Interim B.O
izalamera		*WedgwoodJune 18	Final 2.425
EstatesJuly 18	Final 4.56		
logg		WhitecroftJune 22.	
Robinson., July 21	Final 3.0	* Board meeting intime	
llingworth		lasue sioce made # Tex	free, & Sci
MorriaJely 17	Final nil	Issus since mads. 4 For	soast.

LEGAL NOTICES

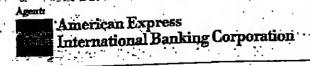
NOTICE OF MEETING OF CREDITORS NORTON WAREURG HOLDINGS LIMITED (In Liquidation)	NOTICE OF MEETING OF CREDITOR
NOTICE: IS HERRAY GIVEN, oursuant to section 299 of the Companies Act. 1948. that a Meeting of the Creditors of the above-agend camenty will be field at the Chartered Insurence Institute. Aldermanbury, London. EC2 on Monday, the 21st day of Jene 1882 at 2,30 p.m., for the ourspace of receiving from the Joint Liquidators an account of their acts and dealings and of the conduct of the winding ou during the preceding year. Dated this *Shr. dev of Jene 1962. J. W. CLEMENT. G. A. WEISS. Joint Liquidators.	(In Liudation) NOTICE IS HEREBY GIVEN, pursuant Section 299 of the Companies Act, 19 that a Meetins of the Creditors of above-named company will be beld the Chartered insurance institute. All manbury, London, 622 on Monday, 21st day of Jime 1882 at 2,30 p.m., the purpose of recavitor from the Liugidators an account of their acts desirings and of the conduct of the visid up during the oreceding year. Dated this 5th day of June 1982 J. W. CLEMENT, G. A. WEISS.
THE COMPANIES ACTS 1948 TO 1981 COMPANY LIMITED BY SHARES NOTICE OF MEETING OF CREDITORS NORTON WARRING LIMITED (Ip- 4.4quidation)	Joint Liquidaturs. THE COMPANY LIMITED BY SHARES NOTICE OF MESTING OF CREDITOR NORTON WARELING DIVESTMENT MANAGEMEN LIMITED (In Liquidation)
NOTICE: IS HERERY GIVEN; sursuant to Soction 289 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named company will be held at the Charared Insurance lescitute. Aldermanbury, London, ECZ on Monday, the 21st day of June-1082 at 2150 p.m., for the persons of rocalving from the Joint Liquidators an account of their acts and dealings, and of the conduct of the wheding, or during the orecading year. Oated this Sth day of June 1982. L.W. CLEMENT.	NOTICE IS HERESY GIVEN, pursuant Section 299 of the Combanies Act, 19 that a Meeting of the Combanies Act, 19 that a Meeting of the Creditors of above-named company will be held the Chartered lasurance institute. Aid manbury. London, ECZ on Monday. 21st day of Jane 1952 at 2.30 p.m., the purpose of ractiving from the Jo-Liculdators an account of their acts dealings and of the conduct of the wind so during the preading year. Dated this 8th day of Jane 1982. J. W. CLEMENT.

NATIONAL BANK OF HUNGARY (Magyar Nemzeti Bank) U.S. \$50,000,000

manuscon present payer relates to previous dividend, PÆ-ratio based on annual samings, w Forecast dividend; cower based on previous year's established and yield based on prospectus or other official estimates for Gross. I Figures assumed, 9 Figures or report swalted. 5 Cover allow onversion of shares not now ranking for dividend or ranking only for restricted and the process of the process of the ratio and the same process. Finance of ordinary shares as a "rights." "Season by a spitalisation. 55 Reintroduced. 17 Issued in connection with reorganisation. Finance over. If introduction. I issued to former preference has Allotmate letters (or fully-paid). 9 Provisional or partly-paid attenuent is With warrants. 11 Designs under apocial Rule. 3 United Securities. 11 London Listing. 1 Effective issue price after actio. 1 Fon the london Rule 163(2)(e). A Issued free as an entilement to ordinare.

Floating Rate Notes Due 1985

In accordance with the provisions of the above Notes, notice is hereby given that the rate of interest for the Interest Period from June 11, 1982 to December 13, 1982 has been fixed at 15%% per annum. Interest due at the end of the Interest Period of US\$398.26 will be available upon surrender to any of the Paying Agents of Coupon No. 5.



THE TRING HALL USM INDEX · 126.5- (+0.9) Close of business 11/6/82 BASE DATE 19/11/89 100 Tel: 01-638 1591

LADBROKE INDEX Close 582-587 (+7),

M. J. H. Nightingale & Co. Limited 27/28 Lovat Lane London EC3R 8EB

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			01	c	wiel.	. P/	
£0000'≡	_		Change	Gross) IBIO	2	Fully
capitali <i>seti</i>	of Company		on wesk				
4.044	Ass. Brit. Ind. Drd	120	_	6.4	5.3	10.8	13.4
_	. Ass. Brit. Ind. CULS	128	_	10.0	7.8	_	
4,110	Aireprung Group	71	2	5.1		· B.1	13,9
7,025	Armitage & Rhodas	41	- 2	4.3	10.5	3.4	7.7
18,137	Serton Hill	·215	+ 3	9.7	4.5	10.4	12.7
1,363	· CCL 11pc Conv., Pref	109	+ 1	15.7	14.4		
4,189	Cindico Group ,	285	. —			· 10.7	12.0
4,720	Osborsh Services	51	_	B.O	9.8	3.0	5.7
4,143	Frank Horsell	130	_	5.4	4.9		24.1
10.690	Frederick Perker	: 74	- 1	5.4	8.5	3.8	7.2
1.015	George Bleir	55	+ 1		_	_	_
4,021	Ind. Precision Castings		- 1	7.3.	7.4	7.1	10.E
2,840	lais Conv. Pref	110 -			14.3		_
2,657	Jackson Group		- 1	7.5	7.1	3.2	5.7
15,872	James Burrough	115	+ 1	B.7	7.B	9.4	10.6
2.345	Robert Jenkins	230		31.3	13.6	3.2	B.1
		71	+ 4	5.7	8.0	9.2	11.1
3,660	Scruttons 'A'			11.4	7.2	7.1	12.2
3,857	Tomay & Cartala	158 .		-	7,4		1444
3,419	Twinlock Ord.	15	+ 02	15.0	19.2	- =	
2,128	Twinlock UL5	78	+ 1				7.0
3,816	Unilock Holdings	25			12.0	4.5	7.9
10.630	Walter Alexander	84	+ 1	9.4	7.8	5.5	9.9
5.508	.W. S. Yestes	236 -	+ 1	14.5	9.1	9,2	12.4

A crucial industry marks time

By Tony Hawkins in Harare

MOST OF Zimbabwe's major mining companies expect to make a loss this year, due to the unhappy combination of constant—or even falliog— prices and rapidly escalating costs, especially wages. This bleak assessment of the current state of Zimbabwe'a strategically-vital mining sector was given at last month's annual meeting of the Zimbabwe Chamber of Mines by Mr Roy Lander, its president.

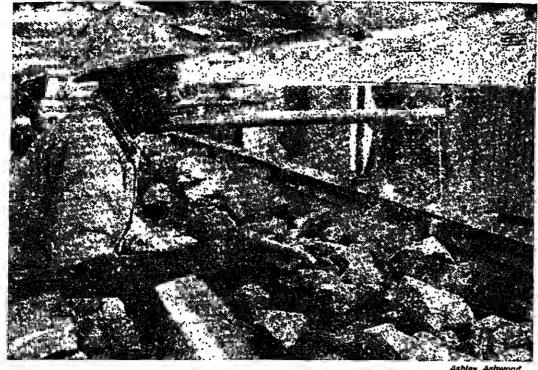
Mr Lander, a senior executive with the Angla American Cor-poration in Zimbabwe and managing director of the country's largest nickel producer, Bindura Nickel Corporation, is well-placed to make such an assessment. His own company's fortunes offer a mirror image of what is happening across the industry. Profits fell from nearly £7m in 1980 to £2.75m last year and in 1982 Bindura is forecasting a loss of some

Of the other major mining houses, the Rio-Tinto Mining (Zimbabwe) group says it may well make a loss this year and has warned that its Empress nickel mine may have to be placed on a care and main-tenance basis. Falcon Mines needs an average gold price this year of at least \$340 to break even, while MTD Mangula recently reported a first half loss and announced that it bad been forced to borrow £4.4m, to ensure continued nperations at its copper mines.

Indeed, the mining industry's after-tax profits slumped from £64m in 1980 to £29m last year. If the gloomy forecasts made by the large mining houses turn out to be at all accurate, this year profits will be negligible and the industry as a whole could even dip into the red.

The mining industry is strategically crucial from the foreign exchange viewpoint. It contributes only some 7 per cent of gross domestic product and lesa than 6 per cent of total employment. But mineral exports (including gold and ferro-alloys) were valued at some £240m last year or 36 per cent of total exports. The main mineral exports were ferro-alloys (£60m),

According to Mr Lander, the



The sorting table at Lonrho's Corsyn mine at Mazoe, Zimbahwe

bope" of an early recovery in the wage bill will have more main in the doldrums.

The 13 per cent a year growth in the value of Zimbabwe's mineral production since 1970 was largely attributable to improved prices for the country's metals. In volume terms production was virtually stagnant, growing less than 1 per cent a year between 1970 and 1981. In volume terms, nutput in 1981 was the lowest it had been for 10 years. Last year's production of asbestos, chrome, coal, copper and iron ore was lower than in the mid-1970s.

Undonbtedly, the main prob-lem is depressed world demand and prices, exacerbated by farreaching cost increases, especially labour but also transport, fuel and electricity. At the time of independence in April 1980, the minimum wage in the mining industry was Zimbabwe aabestos (£56m), gold (£47m), \$38 a month (£28). In three nickel (£35m) and copper stages, this was raised to Z\$105 \$38 a month (£28). In three a month (£78) in January 1982.

Mr Lander estimated that this

ferro-chrome demand. The gold than doubled (actual increase price has been substantially 115 per cent) over three years lower so far this year than last during which time the value of and both copper and nickel re-nutput will have risen an estimated 20 per cent. In other words, wages will have risen from 27 per cent of total output to almost 50 per cent. The impact of such wage increases nn labour-intensive nperations such as the cbrome mines on the North Dyke in Zimbahwe

bas been extremely severe. Escalating costs have been accompanied by stagnant or even declining productivity. because of emigration, with the industry suffering a substantial loss of skilled and experienced white manpower. At the end of last year, there were nearly 500 vacancies for skilled staff on the larger mines alone.

Although there has been a

marked increase in exploration activity, there is very little new mine development in hand at present. Major expansion programmes, initiated some years ago, such as the Renco gold mine development by Rio-Tinto, underground work at Shangani nickel mine (Anglo American Cnrporation), asbestos mill expansion (the Turner Newall currently under way is the expansion at Wankie Colliery to provide coal for the new thermal power station there. Capital budgets for 1982 have been "slashed," says Mr Lander, and spending nn new mines has virtually stapped.

One major uncertainty—the establishment of the state-owned Minerals Marketing Board which is to take over the marketing function from the mining houses -has been resolved with the appointment of a general manbe announced). But the industry is appareotly relieved that an mining houses is put by Mr experienced metals man has Lander at £2.3hn, and on the heen given the tricky task of establishing a sales operation at life of 30 years, the industry a time of international recession. ahould be investing some £75m

The mining houses, which a year merely to maintain the strongly opposed the plan to existing capital stock, let alone "nationalise" their marketing provide for any expansion. function, say that, having lost the argument, they will now co-operate closely with the hoard to ensure maximum efficiency.

vention in the industry will take the form of a mining develop-ment corporation to be estab-lished later this year. It will Even that will occur only if develop mineral properties in an international economic up-its own right and be the vehicle turn is accompanied at home market potential for asbestos year the industry's wage bill expansion (the Turner Newall its own right and be the vehicle turn is accompanied at home this year looks "decidedly will be Z\$100m more than in group) have been completed and used by the Government for by appropriate investmentweak" and be sees "little 1979. This means, in fact, that the only subatantial new project joint ventures in strategic fields inducing policies.

such as coal and uranium. But it is apparently not intended that the state should take a controlling interest in such joint ventures nor that it should purchase equity in existing mining operations, though the Government may yet have to dn this to keep such mines afloat or to finance development.

The one obvious solution to the industry's immediate prob-lems would be a devaluation of the Zimhabwe dollar. Mr G. Carey-Smith, chairman of Bin-dura Nickel Corporation, who Group's chief executive in Zim-babwe bas—rather tactlessly called for a 25 per cent de-

It is a measure of the insensitivity of big business in Zimhahwe that the chief executive of the largest single husiness entity in the country—and a South African-owned group to should have publicly urged the Gnvernment to devalue. Whatever the logic of the suggestion—and it is common cause that the Zim-hahwe dollar is significantly overvalued—such advice is hest given in private.

That said, devaluation would give the industry temporary respite, though unless accom-panied by wage and employment policies, the benefits could be rapidly dissipated in an economy that imports onethird of gross domestic product and whose imports, already strictly controlled, offer little or no scope for further fureign exchange savings.

In the longer run, viability will only be restored by the combination of higher prices, wage levels linked in productivity and adequate investment ager (whose name has still to policies. The replacement cost of the assets of the larger assumption that mines have a

However, in the past two years mining investment has averaged £65m a year and with o ensure maximum efficiency. nnly one large-scale project
The next stage of state inter-currently under way — at
cention in the industry will take Wankie—there is little likeli-

ASSETS

CAPITAL

Stockholders' equity

First Union General Investment Trust Limited

A MEMBER OF THE LIBERTY LIFE GROUP

EVISAGE REPORT FOR THE HALF-TES	LE ENDIN	d 30 30 th	1306		
	11				Year ended
					l December
	Note	s (Eith		1981	
Net income after taxation					
Number of ordinary shares in issue	neropa	74 5	29 000	74 529 000	74 520 000
Earnings per ordinary share	i a cces	10.20	cents	9.51 cents	18.97 cents
Ordinary dividends:		7.			7.5.4 §
Interim-declared 11 June 1982	dereig .	B.0	cents	5.5 cents	7. 5.5 cents
Final-declared 10 December 1982		1.3		=	8.5 cents
-	77.77	8.0	cents	5.5 cents.	14.0 cents
		-			33 A 3 A 3 A 3 A 3 A 3 A 3 A 3 A 3 A 3
Net asset value per ordinary share		225	cents	260 cents	

1. The income of the Trust does not accrue evenly over each half-year period of the financial year but is dependent on the timing and dividend policies of the Trust's underlying Surpluses or deficits nn realisation of investments are transferred to a non-distributable

reserve in terms of the articles of association of the company and are not included in The net asset value abown under 30 June 1982 was calculated at the close of business on

9 June 1982 after deducting the ordinary dividend herein declared. Your directors anticipate that, in the absence of unforeseen circumstances, the Trust will

record a modest increase in earnings and dividends for the year as a whole,

DECLARATION OF INTERIM ORDINARY DIVIDEND IN RESPECT OF THE YEAR ENDING 31 DECEMBER 1982

Notice is hereby given that interim ordinary dividend Nn 43 of 6.0 cents (1981: 5.5 cents) has been declared in respect of the year ending 31 December 1982 payable to ordinary shareholders registered in the books of the company at the close of business on Friday 25 June 1982. The nrdinary share register of the company will be closed from Saturday 26 June 1982 to Saturday 3 July 1982 both days inclusive.

The dividend bas been declared in the currency of the Republic of South Africa and cheques in payment thereof will be posted from the offices of the South African and United Kingdom transfer secretaries nn or about 30 July 1982.

Cheques in respect of ordinary dividends issued by the United Kingdom transfer secretaries will be drawn in United Ringdom currency equivalent as at 23 July 1982. Non-resident shape. bolders' tax at the rate of 15% will be deducted from dividends where applicable.

On behalf of the board D. Gordon (Chairman) J. R. McAlpine (Director)

Johannesburg . 11 June 1982

Johannesburg, 2000)

South African Transfer Secretaries Central Registrars Limited 4th floor 154 Market Street Johannesburg, 2001 (P.O. Box 4844.

Charter Consolidated P.L.C. P.O. Box 102 Charter House Park Street Ashford Kent TN24 8EQ

March 31, 1982

-Leif Ericson

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Bank America Travelers Cheques: World Money

First Interstate Bancorp

CONSOLIDATED BALANCE SHEET (in thousands)

Tanalian are and a said and a said and a said a sai	•••••••••••••••••••••••••••••	44123041
Trading account securities		735,943
Funds sold Loans		11192:8373
Less: Uneamed income		ADA BAL
Allowance for loan losses		263 706
Net logns		24 537 328
Lease financing		7.44,276
Bank premises and equipment		698.453
Customers' liability on acceptances		1,244,962
Customers' liability on acceptances Other assets	*************************	909,282
Total assets		\$37,465,390
LIABILITIES		
Deposits:		
Demand		6 7 444 000
Demand-NOW		1,181,180
Savings		3 850 630
Othertime		12.275.310 i
Foreign offices	**************************	2 700 403
Total deposits Short term borrowings Acceptances outstanding		27,549,502
Short term borrowings		5,585,408
Acceptances outstanding	********************	1,249,191
Other liabilities Notes, debentures and mortgages		817,584
Total liabilities		020,429
		35,82/,114?

For more information contact: London First Interstate Bank, Brian Weston, Vice President: California House, 36/39 Essex Street, Landon WC2R3AS, England. Telephone: (01) 353-4211. Telex: 883307, Cable FICALBANK or Los Angeles First Interstate Bancorp, Bruce Willison, Senior Vice President, 707 Wilshire Blvd., Los Angeles, CA 90017, (213) 614-3103. L.A. Telex 674421.

Total liabilities and stockholders' equity

First Interstate Bancorp

CREDITS

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French loan has rarity value

money in the Eurocredit market has become to rare that France's letest loan is bound to attract considerable attention despite its small size.
The state-owned Caisse Cen-

The state-owned Caisse Centrale de Cooperation Economique is raising \$70m in a gen/dollar package, which pictudes a 12-year \$50m tranche in this way with the \$250m with a margin of just \$ per cent. with a margin of just a per cent, credit for Credit Foncier last The remainder takes the form December, and the new move margin of 0.2 per cent above the some speculation last week tapanese prime rate.

of Tokyo and underlines yet national groups, again the obvious liquidity of The French or Lapanese banks as well as lights the growing Lapanese banks as well as lights the growing interest of been extended to early this growing predilection of international banks in low risk week, but the credit has inevithorrowers for lew interest yen

Euromarket borrowings from national groups of banks with domestic borrowings in their own currency.

Costa Rica

Interest to be resumed on foreign borrowing

nterest payments on its foreign ebt next month, ending a fen nterest has been paid at all. dent in the country's interest rreas, now running at some integration.

ork last week between Costa lica and a group of commercial ling some capitalisation of tank creditors that is spear-interest arrears may be inevit eading negotiations on the able bankers believe.

de last October. The differdoce is accounted for by the accumulated interest arrears and the addition of debt not previously computed into the

The meeting was the first system.

Itelian representatives of the Bankers attending the meeting administration of President ing said some progress was mis Albert Monge and the commercial banks. It emerged that Costa Rica is now running balance of payments surplus on current account of between \$50m and \$100m before inclu-

a Y50n fixed rate loan at e with Japanese banks prompted with e disappointing response specified of 0.2 per cent above the some speculation last week in syndication, with only \$180m. about the possibilities of apply-The operation is led by Bank ing similar techniques to other

The French credit also high-European assets in the wake of the Falklands crisis. Other ex-At the same time its struc- amples of this last week were in

IOSTA RICA is to resume sion of debt service payments. But its first obligation in debt service has to be to multilateral north period during which no institutions. There are now no arrears to the World Bank, IMF But the payment of \$6m to or Inter-American Development. 10m will be largely symbolic Bank but some arrears remain nd will not make much of a to be paid off at the Central American Bank for Economic

Because of this, regular pay This was one of the main ments to other creditors will repuclusions of a meeting in New main small for the ime being and in any eventual reschedu-

Costa Rica hopes to read Total outstanding foreign agreement with the IMF on its ebt of the public sector is now economic programme by Septnt at around \$3bn, an increase ember which would release \$400m on a previous estimate \$300m in credits from official institutions plus some bilateral aid in excess of \$100m; but this will involve further discussions on its interest rate policy and plans for gradual elimination of its three-tier exchange rate

> ing said some progress was made on the issue of rescheduling Costa Rica'a bonds, though details remain confidential for the time being.

THE ABILITY to raise 12-year ture is akin to previous French the good response to Belgium's money in the Eurocredit market operations which have linked latest \$1.2bn credit and yet an-

Ireland. mandate to Algemene Bank terms on the banks. Nederland for a \$100m, eight Most of the 20 st year credit with a margin of \$ er cent for the first five years

hree In Latin America itself, raised from second tier under-writers and \$133m from participants as of Friday morning. The deadline for replies has

economic developments in Mexico as well as lending limit problems in the market. Some bankers felt, however, that a further factor might be the reluctance of smaller banks

to enter a credit from which they did not necessarily reap any relationship advantage.

As the Mexican loan was in syndication, Bankers Trust put together a \$90m, three-year credit with a margin of † per cent over prime for the foreign trade bank BNCE. This was sold quite easily to e select group of the borrower's relationship banks in the U.S.

But an unwelcome aspect of the Mexican credit is that even after 50 per cent of it is used to retire short-term debt, the lead managers will still be left with a considerable volume of new paper on their books, de Petroquimica. reducing their room for further operations.

Elsewhere, the Venezuelan jumbo credit seemed likely to other low margin credit for founder at the end of last week following an attempt by the borrower to imposa cheaper

Most of the 20 strong group involved in the credit discusper cent for the first five years sions seemed likely to reject the and I per cent for the following new terms which are based three. though there were some sugges tions on Friday that some form of finance might be available on a bilateral or club basis from a nucleus of the banks involved.

Pointed reminder

For the rest, other banks were left with a rather sour feeling, suffered from saverse particularly after Venezuela's reminder that it deserved favourable treatment because it beld \$5.7bn in deposits with the banks that had been invited into the credit. As already reported Malaysia bas launched a \$1bn credit

through a group of banks led by Malaysian Banking Berhad, Manufacturers Hanover, and National Westminster. cated margins are ? over Labor for ten years or t over prime for eight years, and there are plans for a \$150m tax-spared

lishing a permanent presence in the Eurocredit market. Its spate of borrowings is to continue with an \$80m credit through a group of six banks led by Bank of America for the chemical concern, Cia Nacional

INTERNATIONAL BONDS

Shake-out for rudderless market

6 month Euro-currency interest rates

THE EUROBOND market has just been through e bellish fort-night. Until Friday's glimmer finally ending and the U.S. budget impasse might be near to resolution, the mood of investors, new issue managers and traders could have been summed up in one word: dreadful.

Eurodollar bond prices lost more than three points over the fortnight; Euro D-Mark bonds fell by 11 points and Swiss franc bonds declined 11 points in the same period. Last week began with the

withdrawal of the \$60m American Natural Resources 15 per cent issue by Goldman Sachs. The lead-manager atributed the withdrawal to "unstable market conditions." It proved a prescient decision because the market continued to tumble during the week. Chugai Pharmaceutical cut its

\$40m Japanese convertible bond

to \$30m and Canon delayed its

pricing on the \$50m 7 per cent convertible. The Canon deal went abead despite the fact that only 20 to 25 per cent of the issue bad been sold by Friday morning and the paper was still changing bands at discounts of three per cent or more. The Euro D-Mark sector, which now acknowledges that it made a mistake in setting a DM 1.9bn five-week new issue calendar, has decided to freeze

all new issues for the next two weeks. The decision was taken on Friday by the West German Capital Markets Sub-committee and wsa applauded immeditely Peter Montagnon by relieved bankers. The

1982 40% HAY 8-0% MAY

wings for the period through In the dollar sector, average year jumbo led traders to dump new issue bond yields have a lot of recent paper on the risen by 100 to 150 basis points over the past fortnight. Ex-Du Pont's 131 per cent \$200m bonds, Superior Oil's 14 per cent \$125m paper and Phillips Petroleum's 14 per cent \$200m trading.

issues had been waiting in the

DOLLAR

more than 15 per cent. phenomenal volume of new issues since the start of the year and finds itself rudderless tainty over interest rates. It is dollar bonds may have decided

pressure should now be off as bardly surprising that given more than DM 900m of new total size of new offerings the market should be exhausted. More specifically, the appear-

50%

FRANC /

ance of Canada's \$750m fivemarket. The Canadian issue, despite its adverse impact, ia e triumph for the Euromarket. Unfortunately, it combined with other factors to bring about last week's disastrous

Dealers fell over themselves issue—all are now yielding last week to offload overhang-Why bas the Eurobond mar- ing bond inventories. There ket put itself through the recent were also reports of Swiss retail shake-out? The short answer is aelling. The strength of the that this market has seen a U.S. dollar made it unattractive for D-Mark, Swiss franc or Yenbased investors to buy into Eurodollar bonds and those nonin the present climate of uncer- dollar investors who held Euro-

it was time to realise some currency gains by selling the

paper. As painful as the shake-ont may be for some houses, it also belped others-those with the requisite nerve and capital-to pick up bargains et knock-down prices. The question facing the market this morning, however, is whether the catharsis is finished or not.

About the only bright spot in the Eurobond market is the sterling sector where falling interest rates have produced a few new issues. Both the £30m Banque Française du Commerce Exterieur and Norsk Hydro 144 per cent bonds seem to be doing well, quoted at discounts of 1 per cent or less. New issue managers reckon the market could stand another one or two such issues before investor

On the other side of the world. the Japanese Government bond market continues to be weak. The benchmark 6.10 per cent 1988 paper lost # point by Thursday and then recovered slightly when word of a possible U.S. compromise bndget through.

The samurai bond market (foreign borrowers in the domestic yen sector) fell by point last week amid little trading. Eurofima'a new Y15bn 8.4 per cent paper eppealed to Japanese domestic investors, bowever, and traded close to its issue price of 991.

Alan Friedman

1997 1996 1989 1992 1990 198 8	15 14 7 10 .	7 7½ 5½° 5½°	100 100 100 <u>1</u> 100	Yamaichi Secs. Nomura Intl. SG Wi Sumitomo Fin. U Goldman Sachs. Wi and Glyn's Bank Chase Manhattan Wood Gundy BNP, Banque Bruce Lambert, Wood G	nti. 7.25 illiams	Saskatchewan‡ Canada Exp. Devt. **‡ ICO**‡ Transam, Fin. Corp.‡ STÉRLING BPCE‡ Norsk Hydro‡	100 100 100 100 100 30	1992 1988 1987 1993 1987	5 5	71 61 61 72 7	991 100 100 100 100	Banque Keyser Uliman, Kredietbank Suisse, Nordfinanz-Bank CS SBC Citicorp Inti. Soditic SG Warburg Hambros Bank	7.57: 6.284 6.500 7.621 7.000 14.500 14.500
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1003	10					GUILDERS 1ADR	100	1992	10	107		ABN, Amro Bank	
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1987 1992 1992	6 1 10	91	700 991 100	Deutsche Bank Deutsche Bank Commerzbank	9.329	(MI‡	40	1989	7	14	99 1	Credit Lyonnais, Kredietbank Intl.	14.118
1988 1987	<u> </u>	61	108 100	SEC	6.875	Victoria Elec. Com.**‡	10bn	7992 1994	9 12	21 21	99.8 100	Yamaichi Secs. Bank of Tokyo	8.717 8.500 8.479
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All of these Securities have been sold. This announcement appears as a matter of record only.

\$100,000,000

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The Government of **Cross River State of Nigeria**

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Associated Japanese Bank (International) Limited The Bank of Nova Scotia Trust Company (United Kingdom) Limited

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Bayerische Vereinsbank A.G. Crocker National Bank

SFE Banking Corporation Limited

UBAF Bank Limited

Samuel Montagu & Co. Limited

اهكنا من الدُّعل

Pessimism prevails over gargantuan Treasury needs

THE BOND MARKET was un-able to put on a rally at the deficit next year of between end of last week despite the \$130bn to \$150bn. This is a far approval of a budget resolution by the House of Representaby the House of Representatives and encouraging producer House last Thursday. price figures showing no gain in the index in May from April.

This in itself is an eloquent comment on the prevailing pessimism which has returned to the market in recent days. The fact is that the market September period will be should have improved during range of \$41bn to \$44bn. the current quarter, traditionally a low Treasury financing quarter and one which has seen the Fed adopt a more tolerant approach to its money supply

As Mr William Griggs of Schroder Bank and Trust Company put it: "Any real improvement should have come in this quarter . . . because there will

U.S. INTEREST RATES (%)

be little room for optimism in the third and fourth quarters." Regardless of the outcome of the 1983 budget, the Treasury will be raislog a record \$96bo in the third and fourth quarters of this year. This alone will place enormous pressure

oo rates.

But the market is equally apprehensive on the money supply outlook. Although the Fed appears to have taken a more relaxed approach to its gale was unexpected. Moreover. M-2, the broader measure, rose hy \$14.9bn in May compared to April, which was much more than the Si3bn increase the market had anticipated. And with M-1 expected to increase sharply early next month because of seasonal factors, the market is again in a stew about what the Fed will do to keep the growth of money in check. With the 1983 budget resolution long on generalities and short on specifics, the market

cry from the \$99bn deficit in

As for the more immediate Treasury borrowing needs, Salomon Brothers now estimates that the Treasury's net new marketable borrowing requirements for the July-September period will be in a

This will be the largest ever ouarterly horrowing by the Treasury, and substantially more than the Government originally anticipated last April when it estimated its borrowing needs for the summer quarter at between \$32bn to \$37bn

In the coming quarter, secording to Salomon Brothers, market borrowing will be almost evenly divided between bills and coupons. The invest-ment bank forecasts that Treasury weekly hills auctions, currently at \$10bn, will prob-ably average around \$11bn for the quarter.

Salomon estimates that in the coupon sector the Treasury will also have to push note and bond auctions to new highs.

In the fourth quarter, the Treasury is now expected to have a borrowing requirement of more than \$50bn. The Treasury's gargantuan

financing demands in the second balf of the year and an in-creasing shortfall of institu-tional investment is now point-ing to significantly higher bond yields in the third quarter, according to Mr Philip Brayerman of Chase Manhattan. Even more significant than beightened borrowing demands targets of late, the M-1 figures is the projected widening in the last Friday showing a \$1.5bn gap between total borrowing increase in the weekly aggreand credit market investment by institutions," be says in bis latest capital market report. And even if institutions boosted investments in the third quarter he believes an increase in direct investment by individuals will

> the new paper.
>
> He thus suggests that substantially bigher market yields will he necessary to attract additional investment by individuals. especially in the long end of market.

NYSE members' profits collapse

BY OUR FINANCIAL STAFF

A' DRAMATIC collapse in A DRAMATIC contages in 1982 first quarter profits is reported by the New York Stock Exchange, the higgest stock market in North America.

Member firms dealing with

the public could come up with net profits of only \$30m, compared with \$342m in the opening quarter of 1981 and with 5301m during the final three months of last year. In part, the performance

Hanna Mining, the U.S. iron ore position, group. Judge John M. Manos Norcer

that Norcen planned to seek Friday.

The judge said that "the evi-

Bid by Norcen blocked

A FEDERAL judge has blocked control of Hanna at the same Norcen Energy Resource's time it told federal regulators \$171m bid to acquire control of it merely wanted an investment

added that he might require offer for 42.7 per cent of Hanna Norcen, which is controlled by Conrad and Montegu Black of Toronto, to sell the S.S per cent share in Hanna which it already

Hanna's request for a pre-

dence establishes cooclusively closed at \$29, down \$0.75, on

reflects the weakness of Wall Street which experienced a decline of a tenth by the Dow Jones index over the period.

O the members firms reporting for the quarter, more than 40 per cent suffered losses. The quarter's profit represented a 1.4 per cent annual return on the member firms'

The figures cover revenue

from all sources, including trading and interest income

Norcen announced a tender

Hanna's request for a pre-

liminary injunction. The shares

as well as commission revenues.
The Exchange said commisaverage net worth of \$8.28bn.

sion revenues amounted to 25.5 per cent of total member firm revenues in the first quarter of 1982, an increase from the fourth quarter 1981.
Since NYSE members inelude corporations and
partnerships, after-tax earnings are presented on a proforma basis assuming a
regular corporate tax rate of 48 per cent for each firm reporting a profit.

The total adjusted profits

are offset by reported losses for which no tax effect is com-puted, the Exchange said. The Exchange pointed out that 389 member firms took part in the concensus. Of this total, 223 firms reported some kind of a profit with the remainder—a full 166 firms—running at a deficit for the quarter.

Privatbanken upsurge

commenting on a year which saw the bank's total assets increase by £40.6m to £297.2m, said it was notable for the number of new accounts opened and the expansion of customer

PRIVATBANKEN, the UK The bank has recently estabsubsidiary of Copenhagen-based hank of the same name, increased profits by 279 per cent to £1.25m for 1981.

Mr Peter Tann. Private banken's managing director.

banken's managing director.

Commencial activity in the UK and meeting the needs of those engaged in Anglo-Danish trade Dresdner Bank Canada, a new branch of West Germany's Dresdner Bank, is aiready making a profit, Herr Manfred Meier-Preschany, a member of the Canadian bank's board, told a recent press conference.

SIFIDA to pay first ever dividend of 2%

BY QUENTIN PEEL, AFRICA EDITOR

SIFIDA, the multi-national investment corporation established in 1970 to provide private capital for Africa, has declared its first dividend after 10 years of operation.

The company, which has more than 130 institutional shareholders from 20 countries, in-cluding financial, industrial and commercial companies with wide interests in Africa, has loans and investments totalling

The dividend of two per cent amounts to a token payout by SIFIDA to mark its 10 years of operation, rather than any marked improvement in the profitability

However, the company argues in its annual report that it has contributed to the financing of some 60 projects in Africa over

term funds in Africa its share-holders have never expected any substantial financial return, at

holders have never expectage substantial financial return, at least in the initial years of the company's life," according to the directors' report.

However, the directors warn that "most Africas countries continua to be plagued with rising indebtedness, liself the result of high interest rates and unfavourable currency movements. The problems experienced in previous years of foreign currency shortages and the difficulty of indentifying self-sufficient and economically justified projects, particularly in the industrial field, are likely to continue in 1982."

Volvo in Belgium

VOLVO, THE Swedish motor group and two Belgian state the past 10 years, which have investment groups are to form the past 10 years, which have investment groups are to form resulted in the creation of a financing company. To be some 25,000 jobs, and foreign called Truck Development Company, it will have a capital of pany, it will have a capital of pany around \$100m. investment groups are to form around \$100m.

"In view of SIFIDA's mission have also agreed to grant up to a, , to invest medium and long.

BFr 475m in loans.

INTERNATIONAL APPOINTMENTS

Chairman for Coopers and Lybrand

appointed managing director of Company to its board.

URB ROUSE WOODSTOCK • Mr Arthur E. Gledhill bas (PTE), Singapore, a member of been appointed chief operating Group.

marketing of berytlium products. Mr Robert H. Rozek has been appointed vice president Govern-

director of National Freight company (International) has become resident chairman of DOWNARD-PICKFORDS PTY in LUMMUS OPERATING ASalso be necessary to soak up

tor of foreign exchange Mr Art Smith, vice-president and direc-tor of energy futures, and Mr tor of energy futures, and Mr Rodney W. Dow, vice president Crest Engineering (UK) in 1980. New York, has appointed Mr ALLEGHENY INTERPACE, who with be retiring on October 1. Mr Scanlon is currently vice-chairman of domestic operations.

Mr Wong Ping Seng has been appointed managing director of the Du Pont Company's industrial fibres division in the U.S., has been named to succeed Mr Hayden M. Pickering, Jr. as O'Reilly, president and chief axecutive officer of H. J. Heinz appointed managing director for textile fibres with DU PONT DE NEW OURSE. WOODSTOCK.

Mr Arthur E. Gledhill has Sength and Company to its board.

the Mercantile House Holdings officer and president of THE Group. BRUSH WELLMAN INC., Conn. He replaces Mr Vaughan Cleveland. Ohio, has appointed E. West who has resigned as Mr Douglas C. Dean as vice chief operating ocer and presi-Conn. He replaces Mr Vaughan Mr Douglas C. Dean as vice chief operating ocer and presi-president international, with dent and as a director of the responsibility for international company. Mr Gledhill has been marketing of berytlium products with the company for 27 years. Hc was elected group vice-president, builders products in 1974. Mr West bas resigned "as ment affairs.

1974. Mr West bas resigned "as

Mr E. A. Wall. managing a result of differences in manage-

Australia, for a period of up to substiness was bought by NFC in January: it bas senior Pickfords at larger among its directors bot LOA is part of Lummus Group reports to NFC (International).

Paul Betts

OWNARD-FICKFORDS F17 in LUMMOS OF LATING AS diverging the substiness was been elected appointed Mr Largy P. Neely as chairman of the supervisory president of its meter division, president training, and Mr C. J. McCoy vice-president projects.

FUTURES, New York, has ap Mr A. R. Jackson bas been board of MIDLAND BANK Philadelphia, and Mr John L. those in Canada that of commit-pointed Mr James M. Pugh, appointed general manager of the senior vice-president and direc. Houston division of CE CREST. Malcolm G. Wilcox, a director products division, Pickens, S.C. Alex Kraner will become deputy as manager of projects and became managing director of Crest Engineering (UK) in 1980. CE Crest is a subsidiary of

S.A. in Geneva, Switzerland, on his retirement on September 30.

Mr Finnical was appointed director of the industrial fibres division in 1980.

• Mr James B. Crawford bas been named president of TRANSCO COAL, Houston, a subsidiary of Transco Energy Company. Mr Crawford was senior vice-president, corporate development. with primary development, with primary emphasis on evaluating new basiness opportunities for Transco in the coal industry.

Mr Herbert H. Jacobi, executive chairman of Trinkaus &

appointed general manager of the Houston division of CE CREST. Malcolm G. Wilcox, a director Mr Jackson joined Crest in 1978 of Midland Bank. He has also been elected a member of the supervisory board of BCT Midland Bank, Midland Bank France is a wholly-owned wholesale bank subsidiary of Midland Bank.

Mr Herbert H. Jacobi

• THE SINGER COMPANY has

Mr Neely, formerly president of chairman of the executive com-the motor products unit, succeeds mittee and Dr Gandenz Starhelin hir Jack H. Venner, who is retir-a committee member. Dr Staehe-Mr Jack H. Venner, who is retiring. Mr Neely, who is also a corporate vice-president of Singer, joined the company in 1970 and became president of motor products in 1979. Mr Duncan was vice-president of manufacturing and engineering of Singer's motor products division.

LEVI STRAUSS AND CO has named Mr Peter Thispen president of Levi Strauss U.S. election to the executive compresident of Levi Strauss U.S. election to the company's board from August 16, succeeding Mr Frank Brann, who has resigned. Mr Thispen, a corporate vice-president, has been president.

who has resigned, on August 16. pointed management charman of the Canadian concern YORK manager of BBC BROWN HANOVER HOTELS.

BOVERI & CO., Baden, is to POON GROUP (a subsidiary leave the group management of the incheape Group) has appointed at the end of this month. In future, the group's financial controller Poon Group U.S. subsidiaries will be the Bahrein. He was previously an independent financial hatel con-

responsibility of committee chairman Mr Piero Hummel and

president, has been president Albert Bedmer, who has been a president, has been president Albert Bodiner, who has been approach in James A. McDermott will become senior vice-president deputy management chairman of marketing for Levi Strauss U.S. succeeding Mr Hal Spielberg, MOEVENPICK, has been appointed management chairman of the Swiss catering group who has resigned, on August 16.

FT INTERNATIONAL BOND SERVICE

The Notes having been sold, this announcement appears as a matter of record only.

New Issue

\$60,000,000

Texas Eastern Finance N.V.

153/4% Guaranteed Notes Due 1989 Guaranteed as to Payment of Principal, Premium, if any, and Interest by

Texas Eastern Corporation

Dillon, Read Overseas Corporation

Swiss Bank Corporation International Limited

Banque Nationale de Paris County Bank Limited Crédit Lyonnais Deutsche Bank IBJ International Limited Kredietbank International Group Orion Royal Bank Limited Union Bank of Switzerland (Securities) Limited S. G. Warburg & Co. Ltd.

Alahli Bank of Kuwait K.S.C. Algemene Bank Nederland N.Y. Amro International Banca del Gottardo Arab Bank Investment Company Arnhold and S. Bleichroeder, Inc. Julius Baer International Bank Gntzwiller, Kurz, Bungener (Overseas) Banque Bruxelles Lambert S.A. Bank Mees & Hope NV Banque Générale du Luxembourg S.A. Banque Internationale à Luxembourg S.A. Banque Indosnez Ranque de Neuflize, Schlumberger, Mallet Banque Populaire Suisse S.A. Luxembourg Banque de Paris et des Pays-Bas Banque Privée de Gestion Financière Barclays Bank Group Baring Brothers & Co. Banque Worms Bayerische Hypotheken- und Wechsel-Bank Bergen Bank A/S. Bayerische Vereinsbank Bear, Stearns & Co. Berliner Handels- und Frankfurter Bank Cazenove & Co. Chase Manhattan Capital Markets Group Credit Suisse First Baston Continental Illinois Crédit Industriel et Commercial DG Bank Creditanstalt-Bankyerein Daiwa Europe Den norske Credithank Dominion Securities Ames Foji International Finance Dresdner Bank European Banking Company Genossenschaftliche Zentralbank AG Girozentrale und Bank der österreichischen Sparkassen Goldman Sachs International Corp. Hill Samuel & Co. Handelshank N.W. (Overseas) Limited Hambros Bank Hessische Landesbank Istituto Bancario San Paolo di Torino The Hongkong Bank Group E. F. Hutton International Inc. Kidder, Peabody International Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) Kleinwort, Benson Lazard Frères et Cie LTCB International Lloyd: Bank International Lehman Brothers Kuhn Loeb International, Inc. Mitsubishi Bank (Europe) S.A. Samuel Montagu & Co. Merck, Finck & Co. Merrill Lynch International & Co. Morgan Guaranty Ltd Morgan Stanley International The Nikko Securities Co., (Europe) Ltd. Morgan Grenfell & Co. Pierron, Heldring & Pierron N.V. Oesterreichische Laeuderbank Nomura International Norddeutsche Landeshank

L. F. Rothschild, Unterberg, Towbin Salomon Brothers International Scandinavian Bank Schröder, Münchmeyer, Hengit & Co. J. Henry Schroder Wagg & Co. Skandinavicka Easkilda Banken Slavenburg's Bank N.V. Smith Barney, Harris Upham & Co.

Dean Witter Reynolds Overseas Ltd. Wood Condy Yamaichi International (Europe)

Union de Banques Arabes et Françaises U.B.A.F.

Standard Chartered Merchant Bank

Stranss, Turphull & Co.

. Verband Schweizerischer Kantonalhanken Westdentsche Landesbank Girozentrale

Société Générale de Banque S.A.

YEN STRAIGHTS

COM/PRIBLE Crv. Cer.
BONDS date price Bid Offer day Premi
Afinomato 54; 96 7/81 921 843, 957, 424, 62.25
Bord Valley Inv. 3 95 4/81 321 29 100, 0 63.96
Bridgestons Tire 67, 96 3/92 201 377, 395, 457, 324,
Canon 64, 95 1/81 222 201 377, 395, 457, 12.50
Daivys Socie, 57, 98. 12/81533.2 165, 57 +1 3.18
Fujirsu Fenuc 47, 98. 10/81 8841 911, 924, +117, 12.77
Fujirsu Fenuc 47, 98. 10/81 8841 911, 924, +117, 12.77
Fujirsu Fenuc 47, 98. 20, 12/81533.2 165, 57 +1 3.18
Fujirsu Fenuc 47, 98. 10/81 8841 911, 924, +117, 12.77
Fujirsu Fenuc 47, 98. 20, 12/81 8841 911, 924, +117, 12.77
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Fujirsu Fenuc 47, 98. 10/81 8841 911, 924, +117, 12.77
Fujirsu Fenuc 47, 98. 12/81 138 92, +42, 4.82
Henson O/S Fiti. 97, 98 871 138 92, 944, 4.82
Hitachi Cather 57, 98. 2/81 4,555, 198, 90. 0 21,48
Keweseki 54, 95 98. 2/81 4,555, 198, 90. 0 21,48
Keweseki 54, 95 98. 10/81 8844 102, 1044 +37, 5,55
Mispon Cathers 5, 30, 19/81 8844 102, 1044 +37, 5,55
Mispon Chamila C, 5 91, 10/81 815
Nippon Chamila C, 5 91, 10/81 82, 885
Nippon Chamila C, 5 91, 10/81 82, 885
Nippon Chamila C, 5 91, 10/81 815
Nippon Chamila C, 5 91, 10/81 815
Nippon Chamila C, 5 91, 3/82 1205
Nippon Chamila C, 5 91, 3/82 1205
Nippon Chamila C, 5 91, 10/81 815
Nippon Chami

EUROBOND TURNOVER (nominal value in \$m)

Cedel U.S. 2 bonds Last week..... 7,412.2 Other bonds Last week 1.121.5 Previous week . 1,141.9

*No information availableprevious day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week—Change over price a week—carlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread Margin above six-month offered rate (#three-month: \$above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current

A House

CONVERTIBLE BONDS: De-nominated in dollars unless otherwise indicated. Chg. day= Change on day. Cnv. date = First change on cay. Cav. care = First date for conversion into shares. Cav. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current centage premium of the current effective price of acquiring shares viz the bond over the most recent price of the shares.

most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were sopplied by: Rredietbank NV: Credit Commercial de France; Credit Lyonnais; Commercial AG: Westdeutsche Landesbank AG: Westdeutsche Landesbank Girozentrale: Banque Generale du Luxembourg SA: Banque internationale Luxembourg: Kredietbank Nederland NV: Platson, Heldring and Pierson; Credit Snisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Chase Manhaten, Credit Commercial Credit Commercial Credit Commercial Commercial Credit Commercial Commercial Credit Commercial Commerci Trust International; Chase Manhaman; Citicorp International
Bank; Credit Commercial de
France (Sacurities) London;
Daiwa Europe NV. Deltec
Securities (UK); EBC; First
Chicago; Goldman Sachs International; Kidder
national Corporation; Hambros
Bank; IBJ International; Kidder
Peabody International; Merrill
Lynch; Morgan Stanley International; Nikko Sccurities Company (Europe); Orion Royal
Bank; Samuel Montagu and Co.;
Scandinavian Bank; Societe
Sumitomo Finance International;
S. G. Warburg and Sumitomo Finance International S. G. Warburg and Co.; Wood Gundy.

Closing prices on June 11

Société Générale

Svenska Handelsbanken

Vereins- and Westbank

Total could cut cost of pipeline repairs

TECHNIQUE for repairing gas-carrying deep sea pipe-lines has been developed here by the French Total CFP orga-nisation, which promises to cut by half the cost of conventional

It consists of a method of in-serfing two rubber composition plugs in the pipeline on either side of the damaged area so the faulty section can be cut out without flooding the line. According to Total CSF, this technique when it has been fully proved, should cut the cost of repairing major damage to, say, the 800 km Frigg pipeline from US\$400m to US\$200m.

The basic principles are not new. British Gas has been us-ing a technique involving rubber plugs for low pressure pipe-knes since at least 1968 according to industry experts but the Total technique is designed specifically for deep water where pressures can be 300 counts per sq in and more

That such e technique is no mere novelty is illustrated by the fact thet official figures show there were at least 82 instances of damage to gas and oil fines in British wefers (chiefly in the North Son) beween 1975 and 1981.

Most of these were caused by ships anchors or by trawl boards; there was no loss of life and in only one case was significant leakage.

Nevertheless, a deep sea repair kit is becoming an essen-tial part of the pipeline con-

line is damaged (buckled in the moustry jargon) the now is cut off and the pipe flooded with seawater prior to cutting out he damaged section and replac-

piece of by-pass piping to keep the flow going during repairs, but this leaves the repaired line are clearly weak points.

ticklish procedure: anti-corrosion chemicals have to be added to protect the inner surfaces of the pipework and there is also

D TURNOTE

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ing in an ice-like substance the industry calls bydrate which can

According to Mr John Lowe indeed developed a technique able to plug a 32-inch undersea pipeline to withstand pressures of 300 lb per square inch, the undersea contractor's repertoirs

Essential repairs

Mr Alan Milton of British Undersea Engineers put it more strongly: "It is essential in gas pipeline repairs underwater to avoid the formation of hydrate

Does the Total technique live up to its promise? First, it must be said that Total is releasing details of the technique at a very early stage; it has spent about NKr 16m so far on research and development and expects to spend about NKr 40m in all by the end of the project. Land tests of the system will not be completed until the end

of this year. A complete repair operation at the depth of the Frigg line will not be demonstrated until

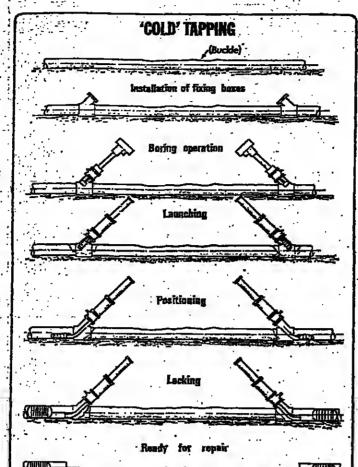
the spring of next year.

If the Frigg line was damaged today, Total could not use its technique to repair it despite the huge savings.

What Total has done is develop a method of trepanning a hole in an undersea pipe, deared of gas, through which mechanical arms (launcher) thrust the plugs into the line. The hole has to be cut at 45 degrees to allow suitable clearance for the plug.

The plug can be one of two inds—a capsule, steel braced ike a Michelin tyre, developed by Kleber, or a rubber composition ball developed by Pronal. When in place, the plugs are inflated using sea water to a pressure at which they seel the

line effectively. damaged section can be cut out, and a new section let in using conventional hyperbanic welding techniques. How are the plugs removed



About 150 metres down, divers attach the fixing boxes to the damaged pipe to take first the tapping machine and then the plug launcher. Buckle and boxes are then cut away.

considerably above the pressure the plugs are designed to resist, and they are simply blown along the line and out.

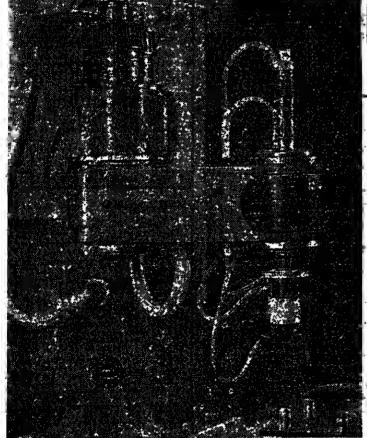
The secret of the Total " coldtapping " technique is the new plugs. Pronal is a specialist in the kind of elastomers Total has found essential for its oll

The contractor for the project-part of Total's wide ranging deep sea pipeline pro-gramme—is Comex-Kongsberg;

quate shallow and deep water

UPS or downs

Mr Rene Quinn, cold tapping project manager, said he believed the new technique could takes to flood, dry and repair a line. The cost to the customer would be in the region of 5 per cent of the revenues



The Daros PT 300H from Dainichi-Sykes Robotics is a DC servo motor driven robot, shown here simulating a precise assembly process to a tolerance of ± 0.1 mm. The PT 300H, which is also available in vertical configuration as the PT 300V, features either pneumatic or DC servo driven vertical movement to assist positioning. Details from Dainichi-Sykes. Robotics Limited, Walton Summit Centre, Bamber Bridge, Preston, Lancashire. Telephone 0772 322444

High speed analogue data store

MICRO CONSULTANTS, Thas launched a new version of its high speed data recording system which is designed for military and industrial applica-

tions.

Dubbed PCI, the system is capable of accepting several hundred analogue channels but stores the information on only 28 tage recorder tracks to use tage economically. More infor-mation on 01-668, 4151.



Estimating and control by computer

P.E. CONSULTING GROUP and CPS Data Systems have developed a microcomputer based system for estimating and control.

Called "React" it costs only £10,000 for a single user system and just under £20,000 for four terminals, processor, 10 Mybyte Winchester disc drive and 240 characters per second printer. The system is closued to

arry out: assembly by build up and quotation summary listings, component routeing information estimating routines for material and labour costs, progress control and cost

reporting So CPS and PE are the latest to offer a microcomputer based solution to what has been a problems solved using a mini. More on 021 707 3866.

Talking through the typewriter

A MACHINE called Type'n who cannot use computers Talk developed by Votrax of where interaction with a screen Detroit has been made evallable is involved, can now interact in the UK by Sands-Whiteley on a verbal basis with comput-Research and Development of ing systems. Typewritten words

RS. 232 link to a variety of the unit's microprocessor-based computers and allows any alphanumeric material entered on a keyboard and normally seen by the user on a VDU screen, to be heard from a

Thus, durib people become able to speak through the "cough, bough, dough" machine and blind people, problems. GEOFFREY CHARLISH

Royston. are automatically translated The unit can work over an into "electronic" speech by

text-to-speech algorithm. There are some restrictions about how the English words are typed something of a phonetic approach is used, so that for example "plough" is entered as "plow" to evoid "cough, bough, dough"

Telephone efficiency

efficiently is the sim of ATS one else's conversation Communications, of Haywards By interweaving the

says can incresse the telephone call capacity on a limited number of telephone lines.

The equipment uses a technique borrowed from satellite communications. Basically, a microprocessor listens for the natural pauses between con-

USING telephone lines more silences to insert part of some-

By interweaving the speech Heath, Sussex:

It has recently introduced the telephone line doubler which it system. The microprocessor ensures that one conversation is not mixed with another.

ATS say that the major users of such equipment would be major companies which have a number of privately leased lines for inter-office communications. More informa-

Portable terminal

WEIGHING ONLY six ounces and with dimensions of 5½ x the data until the entry in question is located.

12½ x ½ inch, the latest portable tion is located.

12½ to 1,000 characters of data can be accumulated in this way for later transmission at the press of a key. The unit is data transmission to a remote

location. The MSI/55 has a 12 digit liquid crystal display and its 20 key keyboard will accept e wide variety of data formats including modification of entries and check digit verification. To confirm or amend pre-viously made entries it is pos-

press of a key. The unit is powered by disposable wrist-watch batteries which will provide over three months' regular service.

The machine, which can also be used as e conventional calculator, costs £185 in quantities of 100. More on 0734

It is claimed that these new

machines, of low inertia, are

Aid for robot welding

robot manipulators called Orbit has been lamehed by ESAB. It will be of interest to companies intending to bring in robot welding of heavier workpieces since there will be models able to cope with loads of 160, 500, 1600 and 5000 kg.
The machines use serve-

motor rather than pneumatic

drives with the result that

heavy workloads can be turned through 90 deg in 2.7.

sees compared with about 11 sees in the company's earlier not subject to heavy stresses because balancing is excellent and the workpiece is moved around in its own centre of gravity.

Movement is controlled by a

microprocessor, as are the welding parameters, and setting up a program is said to be no more difficult than using a simple calculator. More from ESAB AB, Herkules-gatan 72, Box 8004, 402 77 nonneement appears as a matter of record on

Joannou & Paraskevaides (Overseas) Limited US \$50,274,122.75

Guarantee Facility for the

Najran and Sharorah Housing Project in the Kingdom of Saudi Arabia

Arranged by

BankAmerica International Group

Issued and Provided by

Bank of America NT & SA

Al-Bank Al-Saudi Al-Fransi (The Saudi French Bank)

Continental Illinois National Bank and Trust Company

Gulf International Bank B.S.C.

Société Générale, London Branch

BANKOFAMERICA INTERNATIONAL LIMITED





The President of the ISLAMIC REPUBLIC OF PAKISTAN for and on behalf of the Islamic Republic of Pakistan

US\$225,000,000

Guaranteed by

THE STATE BANK OF PAKISTAN

Lead Managers

BankAmerica International Group Chemical Bank International Group Habib Bank Limited

Chase Manhattan Capital Markets Group Gulf International Bank B.S.C. Manufacturers Hanover Limited

Morgan Guaranty Trust Company of New York

Managers

Bank Al-Jazira

Kuwait Asia Bank E.C.

Bank of America NT & SA

Habib Bank Limited .

(Bahrain OeU)

The Bank of Nova Scotia Group

The National Bank of Kuwait S.A.K.

Manufacturers Hanovar Trust Company

Continental Illinois National Bank

Middla Eest Bank Ltd., Dubai

and Trust Company of Chicago

Tha Muslim Commercial Bank Limited

The Saudi National Commercial Bank

Nanyang Commercial Bank Ltd.

The Nippon Trust and Banking Co., Ltd.

(OBU Bahrein)

Al-Ahli Commercial Bank, B.S.C.

Morgan Guaranty Trust Company of New York

Dai-Ichi Kangyo Financa (Hong Kong) Limited

Middle East Bank Ltd., Dubai

Continental Illinois Limited

Co-Managers ·

Dai-Ichi Kangyo Finance (Hong Kong) Limited Libyan Arab Foreign Bank The Muslim Commercial Bank Limited

The National Commercial Bank (Saudi Arabia) The Saudi British Bank

Provided by

Gulf International Bank B.S.C. Chemical Bank

The Chase Manhattan Bank, N.A. Bank Al-Jazira Libyan Arab Foreign Bank

The Bank of Nova Scotia Asia Limited Kuweit Asia Bank E.C. The National Bank of Kuwait S.A.K. The Saudi British Bank

First Pannsylvania Bank N.A. National Bank of Abu Dhabi Allied Bank of Pakistan Ltd.

Bank of America International Limited

Companies and Markete

WORLD STOCK MARKETS

NEW YORK			HOH AND HONG KONG
NEW YORK	1902 Stock Muno	161	1.00
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58

1,078

FINANCIAL TIMES SURVEY

Monday, June 14 1982

Channel Islands

The popular and deserved view of the Channel Islands as a convenient and pleasant holiday resort has come to be modified in recent years by the growth of a sophisticated offshore banking centre. This has greatly reinforced their economy

Banking rivals tourism as mainstay

BY ANTHONY MORETON, Regional Affairs Editor

record numbers who arrived in

The resurgence in the holiday

industry in Jersey and, to a

lesser extent the bolding of the

line in Guernsey, where the out-

look appears to be for a drop of

no more than 2 per cent this

year, is gratifying. Tourism still accounts for a very large

share of the Islands' national

made good elsewhere.

incomes and any drop has to be

But if tourism continues to play a strategically important

part the Islands' main strength

these days is as an offsbore

financial centre. With a single

rate of tax-20 per cent-and no

capital taxes the Islands are an

enviable place to do offshore

That business continues to ex-

pand in both islands. One more

international bank, Anglo-Irish

Banks, has opened in Jersey, bringing the total to 48. A num-

ber of others have also made

approaches to the authorities

Guernsey has not seen any

additions to its strength in the

past two years but another bank,

coming from outside Europe

wards the end of the year.

FROM THE size of the crowds Jersey may edge close to the moving along St Helier's pedestrianised King Street on Jersey or the High Street at St Peter Port on Guernsey it would appear that the Channel Islands are having a good season. Certainly tourism is much improved on Jersey this year, though the omens are not quite so bright on Guernsey where forward bookings are slightly

What has helped Jersey is television. Last year the island was the backdrop to a BBC detective aeries called Bergerac and this led to an enormous increase in interest in Jersey. Hoteliers and the tourist authority report a surge of inquiries while the series was running and many visitors mentioned it

while booking. Fortunately for Jersey the BBC is making a second series for showing this summer and is planning to re-run last year's series in 1983 so Jersey should continue to benefit for the next couple of years. With the fine spring waather, which always belps those holidaymakers who. delay booking until the last moment, there are hopes that

announce is intention to open in St Peter Port within the next few months. This would bring the local total to 43.

Both islands now are in the happy situation of being able to be very selective towards potential applicants. They are predominantly looking for binechip names that will add to the internationalism of the islands and are less likely to smile favourably on a bank which duplicates the aervices or geographic area of one already there.

and the U.S. is expected to

On Jersey the finance and banking sector now accounts for about 25 to 26 per cent of the national income, while in Gnernsey it is just over 40 per cent. On Jersey the wealthy immigrants contribute another 23 to 24 per cent of national income and, as in the finance sector, the States (or government) takes a very selective line about potential immigrants.

Wayside

It is probably more difficult for a wealthy man to get into Jersey than into Heaven. Although there are no written rules it is generally accepted that a potential immigrant must be able to contribute at least £10,000 a year in tax, which postulates a gross income of £50,000, and must buy a house that will cost about £200,000. These figures vary slightly according to economic Jersey wants more or fewer

It. is not enough, though,

simply to have money. A tough a repatriation of Euro-dollar interview with the Island funds to the U.S. but the figures authorities is necessary and show no reduction in the level many fall by the wayside. At the moment Jersey is taking about 15 wealthy people a year. though it might edge up to 20

If the potential immigrant does not succeed in this in digs for 10 years after which they are allowed to rent accommodation for another 10 years. Then, after 20 years, they are allowed to buy a

property.
On Guernsey the tules for the rich are rather different. A potential immigrant can take up residence if he can buy a house on the open register. There are only 1,200 of these and only a small number are on the market at any one time. They invariably command a price well into

These regulations have not stemmed the flow of those who want to live on the Islands. For this, the Islands point to their political stability, financial probity, attractive di este, nearness to London and pleasant environment.

It is the first two of these factors which have contributed to their enormous growth asfinancial centres. Neither the abolition of exchange controls in Britain in 1980 nor the appearance of International Banking Facilities in New York earlier this year bad done anything to reverse the flow of funds into the Islands.

It was thought by some comstators at one time that the New York move might lead to meats to incorporating an insur-

island this year.

The development of international loan operations and their funding has led to deposits on Jersey rising above £13bn. This compares with £7.9bn at the end of 1980 and £11.5bn at the end of last year. Guernsey it was reported that there was not a great amount of "booked" business on the island because it was much more a transaction centre. Here, too. funds have been rising strongly and are now approaching £3bn.

Both islands continue to tions. The total went to 2,474 in Jersey last year compared with 2,288 in 1981. The big growth was in trading companies registered for residents outside the British Isles, where a 24 per cent increase took the

figure to 1,078. The same rise took place in Guernsey, where 1,072 companies were formed in the year. the majority for non-Britons. The increasing internationalism of the new company registrations is a matter of considerable satisfaction to the authorities on both islands.

Captive

Stung perhaps by the success of Guernsey in setting up as centre for the captive insurance business Jersey is moving into this field too. An Insurance Business Law is being proposed which will remove the impediBritish Isles residents Residents outside British Isles 11,387

Trusice, finance and mutual fund companies Private investment companies: for:

2.474 1.765 2 020 Aggregate companies at year-end 16,643 Number of companies at year end 6,690 7,295 of which formed during year 879 898

NEW COMPANY REGISTRATIONS

384

256

310

ance company. This law is expected to be debated by the States in the summer and, if passed, could be law by next

British Isles residents

Trading companies for:

Residents outside British Isles

However, Jersey's intention is to allow in only the blue-chip names in the bope that this method will be self-regulatory. The Islands have a fear of a spreading bureancracy.

Such an approach could be short-sighted. Insurance is a fast-moving business and an emount of regulation is almost certainly necessary. Cnernsey, which has allowed captive insurance for some years, and now over 100 companies, is moving towards a new insurance law which will allow it greater control over its captives.

The island has the ability to yet companies when they are set up but now believes it needs an on-going capability which will give it closer supervision of the industry. It is concerned about the move by captives into thirdparty business and believes that f this bappens such companies should be properly capitalised and have proper solvency margins.

Gnerosey is also noticing the emergence of an international market, reinforces its belief that some degree of regulation

necessary. The long saga of Jersey's attempt to bring its company legislation up to date appears to be coming towards a conclusion. The atory started back in 1971 when a former official was asked to draft a revised company law to take Into account modern conditions. That report, published in 1975, was received with stunned amazement and the financial community fought a long and so far successful

against wide-ranging

However, partly under out-side pressure and partly because of a recognition of the need to make some changes, the Islands have been edging ever make nearer to reform. A Security Interests Law, which allows intangible movable property to be given as security for a loan. States. This was the least important of the recommenda-

tions made in the 1975 report. The next move will be the insurance law and then it is hoped to make progress with a new trust law, the final draft of which is being considered by officials. This will redefine the duties, powers and responsihilities of trustees and confirm the validity of trusts in Jersey. It is hoped to bave this debated by the States by the end of the

But the big one, a new company law, is still a long way away. Equally distant is any move on insolvency. "Some progress" is reported to have been made on both items but the impression left is "not light industry."

Instrument

It has to be accepted that company law works in Jersey and that no matter how long It takes to bring in new legis-lation neither the island nor the financial community nor outside interests will suffer. But in a quickly changing world there is need for an instrument which will reflect modern conditions and only the inherent conservatism of the islands has prevented the adoption of new laws to meet modern conditions. If company law revision is of particular concern in Jersey.

tural changes that have taken place following the run-down mic pressures on agriculture and fishing, three of the island's "traditional" industries.

521

Guernsey aiready has a certain amount of light industry, includiog one factory, Tektronix, which employa 600 workers. Its present industry covers micro-electronics, boatbuilding, tovs. industrial heaters, temperature control units, pharmaceuticals and food pro-

cessing. The island bas launched a campaign to attract new indus-Up to now, according to Mr Roy Le Poidevin, president of the States Committee for Commerce and Light Industry, "we have always taken a passive role. Now we are moving over to a more active stance. We apecifically do not want to concentrate on microchip or electronics industries

but we do want to attract a wide range, a cross-section, of The campaign started last October but it has really got off the ground this spring and Mr Le Poidevio confesses to being "very pleased indeed" at the response. "We are getting response. inquiries not only from industrialists but also from commer-

cial firms which want to feature

The intention of the drive to seek more industry is broaden the base of industrial especially for opportunities. young people. Although unemployment oo the island is not high by UK standards-just uoder 700 out of a workforce of about 26,000-there will be 650 young people coming on to the register this summer and the Guernsey is much more conwith attracting light evidence is that long-term unindustry to counter the struc- employment is rising.

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- Can you advise me on my tax and investments?
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Accommodation? Good value at all levels. Many hotels are holding their prices at last year's rates. The top hotels also have sophisticated conference facilities for groups of varying sizes, including suites for smaller sales meetings or seminars. Jersey's main conference centre is at Fort Regent. It takes 2000 delegates in its Gloucester Hall, and 140 in the presentation

Why not enjoy your conference this year? For details, write to John Layzell at the Jersey Convention Bureau, St. Helier, Jersey, Channel Islands. Or phone: 0534 78000.



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ISLANDS NOTEBOOK

BY ANTHONY MORETON

Travel by air

IF YOU'VE time to spare, go by air. The saying is just as applicable today as it was in the days of sboe-string and ealing-wax flying.

I remember James Cameron once writing a beartfelt piece about the travails of air travel. At the end of a long arduous stint many years ago he landed in New York and determined on a relaxed trip back to Blighty on one of the Queens. His plans were shattered when he received a cable from his office on the last morning in York stating starkly: Urgent, Proceed Londonwards soonest. (They really did send cables like that in the old days.)

Cameron wearily resigned bimself to the loss of his sea crossing and booked a ticket on the first available flight for London. In those days, before the Atlantic could be flown in a single bop, the route went via Gander, Greenland and Prestwick.

On the way Cameron's plane hit fog at Gander, engine trouble io Greenland and suffered further delays in Scotland. A very weary and washed-out Cameroo arrived five days late et Waterloo on his way home to be met by passengers streaming off the boat train from Southampton, fully relaxed, well fed and nicely tanned by the Atlantic

I can't claim that my flight to Jersey came into that category but it always seems to be my misfortune to set out for the Islands when some bazard of weather conspires to defeat msn's ability to keep aircraft first snow for heaven knows how many years to he cleared from Guernsey's runways.

first, it was fog. Last year I into a gap. Drivers always let could not get from Jersey to the car on the right go first Guernsey and had to make a knowing that their turn comes dash for the sea ferry, which cext. Traffic is heavy but jams

was itself bours late. Fog is all are few. Driving manners, like the more unhelievable at the destination when it is patently so fine at Heathrow. Tha one consolation is that

people who live on islands know the problem only too well and build it into their calculations. You fix an appointment for 9.30 and they reply they will be glad to see you when you arrive, which is a very different thing. I once worried ebout not being able to get off the Shetlands in winter and was told not to worry, my hotel bed would still be available. How come? I asked, the botel is full. "Yes," I was told, "but if the aircraft does not come in the person we let your room to won't be arriving. So it's

Wealth symbols

IF YOU are rich and live on either Jersey or Guernsey tha thing to do is to flaunt your wealth. No end of Rolls-Royces, Ferraris and Jensens are to be seen despite a speed limit on Jersey of 40 mph and an even more courtly 35 mph oo Guernsey. At those speeds it must be difficult to get a Rolls out of first gear and the cost in petrol goite horriste (though softened by the price of just over £1 a gallon). On Guernsey the Ferrari owner has about 135 mpb in reserve.

Things were not always thus. Older residents on Jersey can remember the time when there was just one Rolls on the island. "There goes Lady Trent," they would say. To bave the only Rolls showed a real touch of

If the speed limits are frusflying. I once spent a whole trating the islands do bave one day at Gatwick waiting for the good custom of alternate filtering from the right at roundabouts and unmarked crossings. This prevents long queues of This time, and not for the stationary cars waiting to jump

other manners, have a nice oldworld touch about them. I saw one young boy, age about nine, lift his cap to the crossing warden as he came out of

Local flights

THE FLIGHT between Gnernsey and Jersey takes just 15 minutes and must be the nearest thing to the days of pioneer flying one can get in the UK today. Aurigny Air Services' Trislanders take 15 passengers sitting ders take 16 passengers sitting two abreast and so tight is the fit it is virtually impossible to open a paper, let alone turn the pages.

For those who lika their flying there's all the fun of watching it actually happen. Since there's no cockpit the pilot sits just a row ahead of the first two passengers and those in the front of the plane get a full view of all the checks be under-takes; lights come on or go off, switches are flicked, levers pulled or pushed and, suddenly, you're in the air. For those who are rather more apprehensive about flying the trip must be

The airline plays an impor-tant role within the islands because it not only provides a bus-type service between Jersey and Gnernsey but also bus-type links Alderney with the two as well as Southampton, Shoreham and Cherbourg. One of the fleet bas the registration letters G-JOEY. If Aurigny were an American airline e pilot would no doubt have christened that plane Pal Joey.

Tailpiece

THERE IS a wine bar and restaurant in the centre of St Helier, on Jersey, called No. 10. Next door to it the building is being converted. The name of the contractor is

Water supply becomes political issue

THE CONCEPT of nationalisation is so alien on Jersey that many of its inhabitants are known to bave uprooted from the UK just to avoid it. All the more surprising. therefore, that the island has just gone in for a little public ownership itself and, moreover, has done so without any overt opposition.

At the heart of the issue is who should control the island's waterworks or, more specifically, tha 100-year-old Jersey New Waterworks Comenough subject in this country; ask the Welsh. But on islands water is one of the most important and jealouslyguarded resources.

Plans to create a reservoir by flooding a local beauty spot led last year to a shareholders' revolt (the only sort of revolt deemed socially acceptable on Jersey) as a result of which three sharebolder representatives were appointed. One of those, Mr Colin Tett, was a London accountant who claimed to have accumulated about a quarter of the shares.

were disconcerted at the size of this shareholding and the

States agreed last week to spend film on acquiring just over half the sbares in the company. Mr Teit attempted to counter this move by offerlng to buy shares providing the directors backed his bld and accepted it for their own boldings. They refused and went for the Government

So Jersey looks like getting a national water board. Onewonders if there will be any move before long to privatise tha authority. Any number of could give guidance on this if wanted.

DATAPROCESSING HAS LINKED OLD AND NEW INDUSTRIES

From fruit to offshore finance

computer in 1971 it was not their requirements. looking much beyond mechanising its own accounts and were generally geared to sub-offering e similar service to stantial foreign exchange and growers and local

But the venture, launched at Fruit Export, through its computer subsidiary, Datalink (CI), a profitable stake in the offshore finance industry that has in-

Guernsey have installed a computer system called Databank, designed specifically for offshore cooditions, and another Jersey bank is to start using it in September. Meanwhile potential users in other offshore financial centres are showing interest.

Packages

borticulture,

Datalink's computer bureau alongside Fruit Export's packing sbeds on the outskirts of St Peter Port, about 20 Channel Islands-based offsbore funds are being processed.

The bureau is also handling. along with work for its parent

company and other growers, an increasing volume of business for banks, finance companies and professional firms. About 70 per cent of the annual returns made to the Guernsey company registry, and 35 per cent of those in Jersey,

are processed by Datalink. The change from being a borticulture-orientated service to being part of the finance industry's infrastructure began when Mr John Hare moved from Bermuda in 1977 to join Datalink as managing director.
With 20 years computer ex-

perience behing him, he had been data processing manager since 1968 for the Bank of Bermuda, going there originally to set up all their

computer systems.

His arrival coincided with an approach to Datalink by Kleinwort Benson's Jersey and Gnernsey subsidiaries, which computer system to replace their ageing mechanical and electronic accounting equip-

Mr David Hinshaw, who heads

WHEN Fruit Export, a 78-year- in the islands, says no existing teams to produce Databank-old Guernsey firm of tomato banking package seemed to but it was "a good marriage," growers and packers, invested in come anywhere near meeting says Mr Hare.

> The peckages on the market money market dealing opera-

Whet Kleinwort Benson a time when tomatoes were still wanted was a system canable Guernsey's mainstay, has given of handling a typical offshore banking situation, involving a large number of deposit, loan and current accounts, as well as substantial stocks and shares creasingly taken over from transactions, largely on behalf of managed trusts and com-Four hanks in Jersey and panies—and all stated in a variety of currencies.

The system also had to be independent: there was no question of linking into a com-puter based outside the Channel Islands. "We felt that clients must be totally confident thet information regarding their affairs was retained entirely within the Channel Islands," says Mr Hinsbaw.

One of the most wasteful aspects of Kleinwort Benson's existing system was that banking and security transactions had to be entered three times —first into tha bank's own books, then into those of trusts and managed companies, and finally at the year-end into balance sheet and report formats.

It was therefore stipulated that the new computer system should automatically produce e mirror entry of each banking transactions in a separate trust or company record-and in the eppropriate currency—and simultaneously post away the halances for the end-of-year re-

Specifications

The specifications were clear, at least in outline; the problem was to get them translated into a working software package. Kleinwort Benson, which did not have computer analysts or programming staff in the programming staff in the Channel Islands, decided that the hest method would be to tie up with e suitable consultancy were looking for an integrated firm. Datalink was chosen because it was on the spot and

a long period of development, requiring day-to-day liaison, was It took four years of close Kleinwort Benson's operations co-operation between the two

The result was a selfcontained, in-bouse system that could handle all Kleinwort Benson's Channel Islands banking, company and trust management, securities and investment portfolio operations.

Since then e similar system has been put in for Lazard Brothers in Jersey and for the Royal Bank of Canada in Guernsey. In September Hambros Bank (Jersey) is to install it.

Mr Hinsbaw welcomes the use of the offshore package by other banks, because he believes

Meanwhile a further phase of Databank to handla portfolio valuations is being developed for Lazard Brothers. Datalink also plans to put offshore unit trust funds processing oo ao in-house system for selected banks within tha next 12

Benefit

A major benefit for Channel Islands banks is that they bave been able to expand their business without having to apply to hring in specialist staff from outside—or try to tempt them away from other local employers.

In no case have computer-trained staff had to be imported to operate Detabank; it is a completely on-line system that has proved to be easily worked by existing staff.

Datalink itself is very much an indigenous enterprise. Most of the team are islanders attracted back from industry or university on the mainland.
Only three of the 27 staffone of them Mr Hare himself-

are under licence from the island's housing authority through lack of residential qualifications. As a final reminder of the company's roots in Guernsey

soil there is 75-year-old Mr Reg Warley, who joined Fruit Export 60 years ago, retired, and is now back working in Datalink's accounts department.

EDWARD OWEN



Golfer Tony Jacklin tees off from the roof of the St Pierre Park Hotel in an unusual "topping-out" ceremony

Money goes into hotels

IN AN unusual "topping-out" ceremony golfer Tony Jacklin last month drove off five halls from the roof of the St. Pierre Park Hotel, which is being built on the site of a former French Catholic college in Guernsey. It was not just an ordinary celebrity appearance, however, because Jacklin is the designer of a nine-hole golf course in the botel's 40 acres of grounds.

The 134-bedroom St. Pierre Park, a £41m investment by Jersey's Ann Street Brewery, is claimed to be the largest project undertaken by private enter-prise in the Channel Islands. Scheduled to opeo oext March it will give Guernsey a muchoeeded extra conference hotel with amenities such as an indoor swimming pool, bealth clnb and shopping arcade.

Although Channel Islands boteliers had a difficult time in 1981 (this year is looking rather better, especially in Jersey), the level of investment gives no impression of an industry lacking confidence. Within the next month a £1m

extension will be unveiled at Jersey's elegant Hotel L'Horizon on St Brelade's Bay—one of the very few hotels in the islands that has risked putting up its rates this year. rates this year.

In the more popular-priced market £im is being spent on Jersey's Mayfair Hotel by the island's second largest group, Modern Hotels. Jersey bas, however, what is

virtually a oew hotel right on the St Helier harbour front after the rebuilding of the Pomme D'Or at a cost of nearly £4m. It is one of five hotels owned by the island's largest group, Seymour's, a family con cern controlling 1,877 beds. At one time Jersey's only conference botel was the 620-

bed Hotel de France, conceived in the grand old tradition. It is still the main veoue for large gatherings and banquets, but has been joined by several others, among them the Atlantic Grand, L'Horizon and Mermaid.

Latest arrival is the Pomme D'Or, which in its rebuilt form has facilities for up to 200 delegates and has become the first Channel Islands member of the Guaranteed Venues scheme.

Jersey's meeting-place for conferences of 1,000 to 2,000 is the Fort Regent leisure centre. where the Royal Antediluvien Order of Buffaloes bas just been holding its triennial convention.

Accepted

In Guernsey the Duke of Richmond, Old Government House and Royal are the established conference hotels but Ronnie Ronalde's owned by the entertainer—is competing change of experience with for this business now that it bas been accepted (along with house for new ideas. member of Best Western Hotels.

> While Jersey and Guernsey have done reasonebly well out of conferences, earning upwards of £4m e year betweeo them, both believe they could do better. Jersey's new tourism presi-

> dent, Senator John Rothwell, shares the view of many people in the industry that the island has not done nearly enough to sell its facilities. The Continental market in particular is virtually untapped, he thinks.
>
> The senator is to call a meet-

ing shortly of all interests, involved and hopes that out of it will come something which. surprisingly. Jersey lacks at present—an official conference bureau with a full-time officer. bureau with a full-time officer.
In contrast in Guernsey, where self-catering accommodation provides 22 per cent of the tourist beds, Jersey has hardly any except in private houses. The authorities there have always taken the view thet, in an island where land for local housing is desperately short if housing is desperately short, it would be wrong to build villas or flats for holidaymakers.

This policy has been relaxed slightly to allow two hotels to add self-catering units but the industry would like to be free to convert some of its establishments partly or wholly to this use. Jersey's authorities have now decided, in view of the obvious demand, to introduce a self-catering category under the Tourism Law.

EDWARD OWEN

Select market in tax-haven homes

"COASTAL OR manor type property, militan pound bracket, wanted by I(1)K approved applicant." So ran a recent invertisement in Jersey's local paper. It was an indication that demand for tax-haven flomes in the Channel Islands is on the move again following stuggish interest during 1981.

As every Jersey resident knows, 1(1)K is the classificafion for settlers admitted into the island by virtue of their wealth and/or distinction. Estate agents like Langlois and Hampton & Sons, which specialise in high-priced housing, report that in the last few months several expensive properties have changed hands.

Not that the advertiser's Elm offer was any guarantee of speedy satisfaction. There is only a handful of is only a handful of properties in that class in Jersey's 45 square miles Noirmont Manor, 45 acres

of mature woodlands and gardens, indeer heated swimming pool, staff and guest cottages, might have suited—but it was sold for £700,000 last year.

Farmhouse

For around £200,000 you can own a restored Jersey farmhouse with four to six bedrooms and central beating for £485,000 a sectuded granite country house with 15 acres of agricultural land, and three acres of garden, heated swimming pool, tennis couris and out of six bedrooms with own bathroom.

island's housing The authority recently change the price guideline far wealthy newcomers. Previously they were expected to seek properties from £100,000 upwards. Nowadays the authority indicates from £150,000 to £200,000 as a base indicates from because it maintains there is

a demand from local people for properties up to around £160,000.

Guernsey's two-tier system is more straightforward. The island has a pool of some 1.800 "open market" proper isso open market properties for newcomers to occupy without restriction. Top open market price is about £600.000 scaling down to around £72,000, for which you might get a terraced house with three bedrooms but possibly without central heating.

Exclusive

According to Guernson agents Lovell and Partners, sales of open market proper ties are picking up again. They have nearly 100 on their books but only form. but only four at Fort George on exclusive housing estate for wealthy settlers where prices range from shoot £130,000 to £400,000.

Speculativa office deve ment in Guernsey is being let to the finance sector either before hullding work begins or during construction. Pri or during construction. Prime space is between \$4.50 and 55.50 a sq ft and from 53.56 for good older lets.

In contrast, it is hargain days for office space in

Jersey. This is because local civil servants are beginning to move into Cyril Le Marquest House, an 11-storey hubbling in St Helier constructed to centralise most of Jersey, government departments.

It is the island's largest office block and crystal hall guers among estate igents think it is likely to release 26,000 to 30,000 sq ft on to the market elsewhere. William Bull, a leading

agent in the commercial field, is quoting £5.25 a sq ft for the best offices. But it is expected that desirable first floor premises in good positions may become available for as little as £2.50 a sq. ft.

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April 1881. Rapidly gaining reputation. Price 1140,000 treatment. Apply as above.

Apply as above.

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A FINANCIAL TIMES SURVEY

ISLE OF MAN JULY 15 1982

The Financial Times is planning to publish a survey on the Isle of Man in its issue of July 15, 1982. The provisional editorial synopsis is set out below.

Introduction: After a long period of rising prosperity, based on the growth of the Financial sector, the Isle of Man is now looking for fresh areas in which to resume the advance. Changes in the UK have knocked some of the sheen off the economy and plans are being considered in Douglas. which would make the island less dependent on outside forces. The election of a new parliament offers a good opportunity to assess the changes that might be made and discuss whether they willbring renewed growth.

Editorial coverage will also include:

Politics Finance Hotel Developments Industry Profiles

Copy date: June 10 1982

For further information and advertisement rates please contact:

Brian Heron Financial Times, Queen's House, Queen Street, Manchester M2 5HT.

Tel.: 061 834 9381. Telex 666813 FINTIM G The size, contents and publication dates of surveys in the Financial Times are subject to change at the .. discretion of the Editor.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

CHANNEL ISLANDS III

Knitwear trade makes modest comeback

GONE ARE the days when knitting had to be banned in Channel Islands churches because the clicking needles of the congregation drowned tha

14 1982

 \mathbb{E}_{ℓ}

Nor do Jersey's menfolk have to be driven from their stitching back to the fields during the spring sowing and harvest time, under threat of incarceration in Mont Orguell Castle on hread

But the knitwear industry, which from the 16th to 18th centuries supported most of the population in the islands, has been making a modest come-

Today, it contributes over 25m a year to the island's export figures.

Guernsey sweaters in oiled wool are still hand-finished at Le Tricoteur. the company largely responsible for making them popular in the

Mr Robert MacDougall, who aunched Le Tricoteur in 1965 when he was 24, employs 60 staff and 300 outworkers. He started with a single belper and six band-knitters.

More than three-quarters of arrived at Port Stanley.

Businessman's

From London (Heathrow):

British Airways has four flights daily to Jersey and Air UK four flights daily to Guernsey.

From London (Gatwick):

Britisb Caledonian has at least

three flights daily (more at

weekends) to Jersey and Air

UK has two flights daily to

From Amsterdam: NLM City

Hopper bas five flights weekly

to Guernsey, four of them call-

Sealink runs car ferry ser-

Guide

BY AIR

Guernsev.

Sunday to Jersey.

BY SEA



Jersey factory of Pierre Sangan International, with 120 employees

Mr MacDougall sent a conaignment of traditional wear it had been producing Guernseys to the Falkland since 1905 to mala leisure Islands for the first time just fashion. before hostilities began, so he has no idea whether it ever

St. Malo-Jersey car ferry service and Condor hydrofoils

runs from St. Malo to Jersey.

Sark and Guernsey except in

Aurigny Air Services has 14

flights daily between Jersey and Guernsey, and also links both islands to Alderney. Sea-

link and Condor hydrofoils

operate between Jersey and

Guernsey. Sark is reached by hydrofoil from Jersey and by Isle of Sark Shipping Cempany

Avis, Godfrey Davis Europear

and Hertz, together with many

other car hire firms, operate in

Jersey and Guernsey and there

are ample taxi services. Taxis

and hire cars are also available

in Alderney but in Sark the choice is between bicycle, horse-

Banking hours are 9.30 and 3.30 pm both at UK clearing bank branches and international banks. Office hours

ferries from Guernsey.

CAR HIRE

ing at Jersey.

From Paris (Charles de Ganile): Jersey European Airways has three flights Monday ways has three flights on harbour.

vices to Gnerusey and Jersey are generally 9 am to 5 pm-from Portsmouth and Wey- 5.50 pm but many businesses mouth.—Emeraude Ferries close at lunchtime for one to

operates an almost year-round 11 hours. Mest offices close on

There are also regular flights to the islands from many UK BUSINESS and some French provincial HOLDS

AND TAXIS

INTER-ISLAND

LINKS

the turnover is exported. Tha Jersey family husiness mainly to the UK, but with headed by Peter (alias Pierre) growing demand in the U.S. Sangan switched in the late 1950s from the women's knit-

> Pierre Sangan International makes Continental style sweaters, shirts and blousons for makes

have several branches in Jersey.

well represented in both Jersey

Income tax is 20p in the £

(except in tax-free Sark) both

for individuals and companies.

CI-registered companies not trading locally pay a flat cor-poration tax rate of £300 pa.

There are no other individual

or corporate taxes and VAT is

Forty-eight Jersey restaur-

ants received gastronomic

awards from British and

French judges in this year's

Good Food Festival. The

Gnernsey list is also a small

selection from a wide range.

Fresh seafood, including lobster, is the islands'

In St. Heller: La Capaunina,

87 Halkeit Place (34802); Mauro's, La Motte Street

(20147); Victoria's, Grand Hotel, Esplanade (72255).

Informal lunch: La Bastille Taverne, 4 Wharf Street, St. Helfer (30063).

In St Peter Port: La Frégate, Les Cotils (24624); Le Nan-tique, Quay Steps (21714); Steak and Stitton, 23 The

Quay (23080). Out of town: Marina Restaur-

Port, St Brelade (42687).

speciality.

not levied in the islands.

RESTAURANTS

BANKS

and Guernsey.

TAXATION

export, chiefly to the UK but also to Saudi Arabia, Japan and

also to Saudi Arabia, Japan and even Hong Kong.

The company employs 120, and is better known in Jersey as Sumerland. This was the name of the orphanage run by nuns of the Sacré Coeur, who started a small knitwear venture to provide work for their They turned for advice to a

ladies' tailor, who eventually took a controlling interest in the enterprise. He was Louis Sangan, Peter Sangan's grand-father. From the knitting nuns of Jersey it is a short leap to Channel Jumper in Alderney,

founded by Craig Osborne and his wife. Lee. What began as a cottage industry run from their bedroom eight years ago has become Alderney's only real light in-

dustry, employing 12 in summer

and winter. Exports are now worth about £100,000 a year, and the comype sweaters weekly, including the Alderney and the Gnernsey

Alderney First and Last, Braye Street (3162); Old Barn, Longis Bay

and Guernsey and one or two also operate in Alderney and Sark. British merchant banks

Aval du Creux (2036). Closed in winter — £17.00; Dixcart (2015). Closed in winter— £17.20 + 10%; Stock's (2001).

ant, Beaucette Marina (47866). Informal lunch: Ulla's Kitchen, 2 Mill Street, St Peter

Aval du Creux (2036); Petit Champ (2046).

and international banks are

In St Helier: De France, St Saviour's Road £17.50; Grand, (21321)— Esplanade (22301)—£26/£28; D'Or, Weighbridge (78644)— £19.00; Boyal Yacht, Weighhridge (20511)—£19.50. Out of town: Atlantic, La

airport (41255)—£17.50. Gnernsey Richmond, Cambridge Park (26221)—£24.50; De Havelet,

Havelet (22199) — £19.20; Moore's, Le Pollet (24452) —£18.50; Old Government House, Ann's Place (24921)— £27/£29; Royal, Glategny Esplanade (23921)—£28.00. Out of town: Ronnie Ronalde's, St Martin's (35644)—£21.50; St Margaret's Lodge, Forest Road, St Martin's, quite close to airport (35757)—£20.00.

Belle Vue, The Butes (2844) House, Val Fentaine (2549). Closed in winter—£17.00; Sea View, Braye Street (2738)-

Saturdays Department and multiple stores increasingly stay open at lunchtime hur a number of shops still close. Thursday is early closing day but many shops now ignore it. Port (23730). The UK clearing banks all

HOTELS

Moye, St Brelade, adjoining golf, course (44101). Open Mar. Dec.—£33.00; L'Horizon, St Brelade's Bay (43101)—£32.70/£36.85 plus 10 per cent; Mermads, St Peter, near In St Peter Port: Duke of

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Keen competition in wine and spirits

smuggling, the Channel Islands have long-established wine trade

In the early 19th century, after British customs posts and revenue cutters had strangled the smnggling business, Guernsey became an important entrepôt centre through which port. French wine and brandy were shipped to England.

Relics of that era survive along the St Peter Port harbour front, where many of the shops and offices occupy former cellars.

Today Channel Islands wine merchants conform to EEC regulations and confine their buccaneering to stocking up visiting yachts. But the islands remain a good

place to buy wine. Vintages that have virtually vanished else-where are on sale—and at VATfree prices which, except at the vin ordinaire end, are often lower than in France.

The choice in St Helier and St Peter Port is much wider than in any comparable town on the UK mainland, and the bulk of the wine comes direct from the Continent mainly through St Malo but also via

Rofterdam.
Traditionally the islanders are beer drinkers, but as in Britain, and for much the same reasons, the pattern has been changing lately. Wine imports have more than doubled in the

past decade.

More than 20 merchants, brewers and import agents compete flerpely for Jersey's business, among them firms started in recent years by people in the catering trade.

In Guernsey the main suppliers have been reduced to seven following the takeover of two rivals by the Bucktrout group, which traces its origins to a Breton who arrived in the island in 1830.

In what is generally agreed a price-conscious market, local merchants have to contend years ago, until the small isle with high freight costs and the narrowed the duty differential other disadvantages of handling Guernsey was seriously thinking

Contrary to the impression against its neighbour. sometimes given by tourist pub-

NOT SURPRISINGLY in an licity, they also have to pay archipelago where many family rates of duty that are higher fortunes were founded on than in any EEC country except

Jersey'a duty is £2.23 and Guernsey's £2.60, while on a 75 cl bottle of tabla wine Jersey levies 28p and Guernsey

to the air and sea carriers. Meanwhile an estimated £460,000 increase in excise

revenue failed to materialise. The airlines and shipping companies have pushed hard to capture the lucrative trade in aelling visitors their permitted one litre of take-home spirits (the Channel Islands are treated by the UK and French customs as non-EEC countries).

A litre of proprietary Scotch, which sells for around £5 in

In Guernsey there has been a swing to locally bottled spirits which—because of the can be sold at £1.55 less per litre than proprietary brands.

proof and effectively save 58p per litre in duty on a 70° proof locally bottled Scotch.

Within the Channel Islands, Sark is the low-duty area. Alderney, after successfully re-sisting Guernsey's full duty in-crease in 1980, is now back in line with the larger island. Customs officers in Jersey and Guernsey make spot checks on boats arriving from Sark. A few

the UK, Eire and Denmark.

On a litre of 70° proof spirit

The trade in Guernsey still believes the island made a bad mistake by increasing its duty on spirits by 70p a litre in 1980. Local merchants say this finally lost them a large part of the tourist business in Scotch

Jersey and £5.60 in Guernsey, can be had for £3.95 on the Sealink ferries, £3.80 on the hydrofoils linking the islands with France, and £4 on Air UK's

island's duty structure and no national advertising overheads Jersey charges duty according to proof strength, but Gnernsey levies a flat rate. This enables local suppliers to import in hulk at over 90°

years ago, until the small isle of setting up a customs barrier

more jobs fearful that because work The highest unemployment figures since the last war have permits have been abandoned infiltration of UK and Irish made the protection - and creation — of jobs for local people a major concern in the workers—particularly in the building trade—will leopardise employment chances next Channel Islands over the past winter for many islanders.

One safeguard won by the

It has been a particularly protectionist lobby is a disbot political issue in Guern-. closure of information law introduced last year, which resey, where the horticultural industry — traditionally tha quires the social insurance demajor employer of unskilled partment to pass on the names, addresses and employand semi-skilled labour - has been rapidly contracting and ers of incoming Job-seekers to shedding workers. the housing and labour departments.

A decision to introduce work permits, not just for all immigrant labour but even for UK businessmen wanting to launch new ventures, was reversed at the last minute in Guernsey's Parliament by only two votes. Opinion swung around after members of the Finance Committee had warned that the proposed law would sabotage efforts to create new job opportunities for local people by the expansion of light industry.

At the end of last year Gnernsey set up a Department of Commerce and Industry, backed by a £125,000 Government grant, to mount a cam-paign to attract new business

Existing industries are also eing encouraged to expand: Inducements include a goverument subsidy to help them promote and exhibit their products overseas. Unlike UK companies those in Guernsey and Jersey get no aid of this kind from the British Overseas Trade Board.

Jersey is also seeking to widen job prospects fer local people through developing light industry, but with less urgency than Gnernsey.

More sites are to be made available, and the Island govermment has allocated £25,000 for a three-year trial period to belp local concerns with their overseas trade promotions.

The idea of work permits bas never been welcomed in Jersey, not even by TGWU official René Liren. Instead, the Island government launched an advertising cam-paign early this year to persuade employers to give preference to local labour for the good of the economy. Meetings were held with business organisations, hoteliers and the farmers' union, and full-page advertisements in the local press hammered home the message.

Many Guernsey politiciens nd labour leaders are still

Moves to promote

The aim is to enable the

anthorities to monitor, for the first time, the number of

immigrant workers and what

happens to them-and, parti-

cularly, whether they are in

illegal occupation of housing.

out against work permits in the island parliament made

powerful use of a pending new housing control law. Its

provisions will close a number of bolt-holes now avail-

able to immigrant workers.

such as living en famille in

Draft legislation was ap-proved in March 1980 and the

law was then expected to

come into force on January 1, 1981. But it is still in the

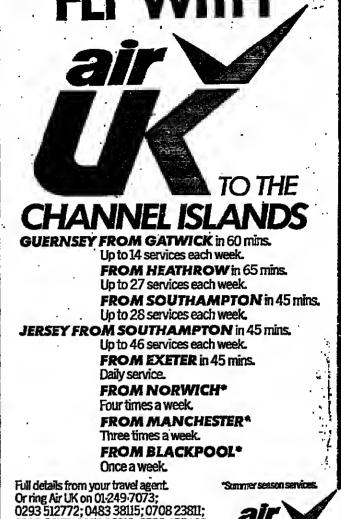
hands of the Privy Council and even Housing Committee

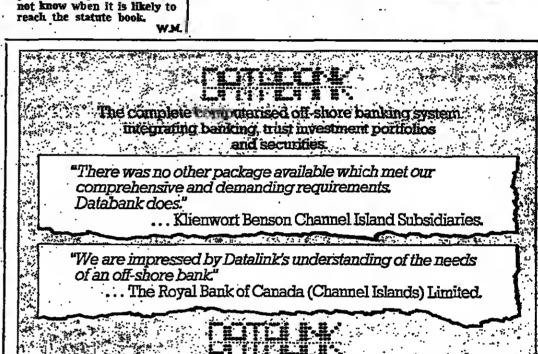
president Roydon Falla does

Guernsey households.

Some of those who spoke

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DICI Department of Commerce & Industry Status Office FTS882, North Esplanade, St. Peter Port, Guernsey, Chennel Islands.

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11 /	June 4	i	June 11	June 4.
	£100m	Top accepted rate of discount	12,2135%	12,2335%
25m	£499.855m	Average		
Øm	£100m	rate of discount		12.2125% 12.50%
255	£26,95	Amount on offer at next tender	£100m	£100m

CHUCL			T- 44	~1	100		-
The most important event for the money markets last week may well turn out to he the vote to pass the U.S. budget by the House of Representatives. Hopes of a gradual reduction in U.S. interest rates were encouraged by the news, but only time will tell whether the projected deficit of \$99.3bp is a reasonable target, or is low enough to allow the Federal Reserve to relax its tight	week. Sectiment about the Falk- lands is obviously very volatile, but as Mr John Nott, the Defence Secretary said a few weeks ago, a setback can bring undue pessimism just as success creates needless euphoria. A month or so ago it seemed likely that the Falklands crisis would have to	Short term in London already count a fall to 12 13 per cent in bas not react very snews. Three-more money eased to 1 Tuesday from 12 the previous Frid the week unchang	tended to per centre rates, as strongly in the intended to the last per centre ray, but finged at 12:	o dis- trom nd did to the schank ant on mt on pished it per	A return to last rate level of 12 seems the next although the like some encourthe Falklands fi	per ce logical market aging nev irst. Afte pend o e U.S. ates.	mt sti mov would strong that budge
monetary policies. Success in keeping the budget deficit under control, which dearlier estimates had suggested could reach \$120bu in 1983, is likely to have more impact on U.S., and by implication European interest rates, than any number of critical speeches about the problems of high U.S. interest rates by European leaders. The Bank of England did not wait for any easing of U.S.	encouraging economic news allowed the authorities to reduce bill dealing rates with the money market last Monday. Bands two, three and four were cut, and on the following morning National Westminster, Midland and Llayds cut 1 per cent from their base rates even before the Bank of England announced.	Treasury Bill Tender Band 1 Bills Band 2 Bills Band 3 Bills 3 Mth. Treasury Bills 1 Mth. Bank Bills 6 Mth. Bank Bills TOKYO One month Bills	124-13 127-13 12.17772 124 124 124-124 125-124 125-124 7.2187e	Lie Line h'd Line h'd Line h'd Line Line Line Line Line Line Line Line	MEW YORK Prime rates Federal funds 5 mith Treasury Bills 6 Min. Treasury Bills 5 Mith. O II FRANKPURT Lombard One Mith. Interbank Three month PARIS Intervention Rate	147-1456 11.90 12.14 13.75 9.0 9.10 2.10	Unch' +1g +0.12 +0.00 -0.10 Unch' +0.02 +0.02
Bills on offer £100m £100m T	June 11 June 4.	BRUSSELS One month Three month AMSTERDAM One month Three menth	1474 147 ₈ Bys	Unch'd	Milan One month Three month DUBLIN One month Three month Three month	16 5 20 5 20 75 1978 1275	Unch'

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1%

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e months u	.S. dollers

The fixing rates (June 11) are the arith-

LONDON MONEY RATES

June 11 1982	Sterling Certificate of deposit	Interbank		Loca) Auth- negotiable bonds	Finance House Deposits	Company		Tressuly	Eligible Bank Bills &	Fine Trade Bills 6
vernight days notice	. -	5-10	1256-1274 1256-1274	. =.	=	=	12-12-4	Ξ	Ξ	. =
days erdays notice ne month wo months	1276-1234	123,-13 12;-12;- 12;-12;-	1234 1272	131e-1514 13 ee-151a	123. 187a	1374-131 ₈ 1314 1314	1310	125 124-124	12 5 12 6-134	154
hree months. x months ne months	1273-1234	1278-13 1 271- 12 18 12 11- 13	127g 127g	134-13 131g-117g 13-123g	15 15 13	151,	. 1216	124-124	124-123 11 <u>4</u> -12	13° 1258
ne year No years	1234-1258	1278-1316	127g 154	1279-1249	13	=	Ξ_	=	=	<u>-</u>

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jone 11 2terling	U.S. Hellar	Canadian Dollar	Dutch Gulider	Swiss France	D-mark	French Franc	italian Lira	Belglan Conv.	Franc Fin.	Yen	Danish Krone
Short term 12:6-12:7 day's notice	14-1414 14-14-14-1 14-1-14-5 14-1-15-6	1612-1612 1612-1612 1434-15 1434-15 1673-1714 1678-1714	234 878 234 878 834 878 834 278 854 879 2-218	2.3 kg 2 kg-25 kg 4 kg-4 kg 5 kg-5 kg 5 kg-5 kg 5 kg-5 kg	734.844 854.874 814.944 814.944 814.944	75-125 50-65 36-38 28-30 28-30 28-30 28-351 ₂ 21-83	20-22 2112-2514 2313-2413 2358-2413 2314-2434 2554-2414	14-1614 1534-1634 16-17 16-17	141 ₄ -143 ₄ 141 ₂ -143 ₄ 147 ₈ -15 ₇₅ 147 ₈ -16 ₇₅ 147 ₈ -15 147 ₈ -16	678-718 672-718 778-714 718-714 718-714	184-204 1254-2018 1758-1218 1918-2059 1834-204 1854-1278

CURRENCIES AND GOLD

Dollar firmer

The dollar improved against serious casualties following the major currencies last week as a result of the conflict in the Middle East which threatened to involve Israel and Syria in a major war. News of a ceasefire on D. M. 4.2350 against the major war. News of a ceasefire on D. M. 4.2350 against the D. Mark however, to FFT 11.2350. Friday pushed back the U.S. unit from FFr 11.0450, and to Y439.5 as fears about Europe'e oil from Y437.50, but was unchanged supplies receded.

The dollar's trade-weighted index, on Bank of England figures, rose to 116.7 from 115.2. It touched a peak of DM 2.42 against the D-mark oo Thursday, and finished at DM 2.3950 on Friday against DM 2.3950 on of the Freuch currency as specu-Friday, against DM 2.3950 on Friday, against DM 2.3560 at the end of the previous week. The dollar rose to SwFr 2.0475 from SwFr 2.0225 against the Swiss franc, 10 FFr 6.3350 from French franc also pulled down the Belgian franc and both FFr 6.1525 in terms of the French franc; and to Y247.50 from Y243.75 against the Japanese yen.

the Middle East, Dacked Britalo's reserves of North Sea oil, but the market seemed more trading, failing to attract much buying interest from the Middle

at SwFr 3.6350.

rates rose sharply to protect the franc, and the Bank of France the Belgian franc, and both currencies required heavy sup-port on Friday. The Bundesbank bought French and Belgian Hopes of lower U.S. interest rates following the vote on the budget by the House of Representatives also tended to depress the dollar towards the end of the week.

Sterking could be expected to benefit from the hostilities in the Middle East, backed by Britalo's reserves of North Sea

THE DOLLAR SPOT AND FORWARD

Jane 11	spread .	Close	One month		Three months	
UKT	1.7640-1.7790	1.7745-1.7755	0.22-0.32c dia		0.80-0,90di	
fbrelent?	1.4480-1.4550	1.4600-1.4650	0.65-0.60c pm	8.17	1.72-1.57 p	m 4,53
Canada	1,2565-1,2620	1.2815-1.2820	0.27-0.30c dis	-2.71	0.66-0.70dis	-2.1
NethInd.	2.8370-2.6485	2.6435-2.6466	1,30-1.20c pm	5.68	4,00-3,90 p	m 5.96
Belglum	45.10-45.20	45.18-45.20	4-7c dis		16-19 dls	
Denmark	8.1400-8.1670	8.1525-8.1576	1.80-2.05ore dis		4.10-5.10di	
W. Ger.	2.3825-2.3975	2.3945-2.3955	1.10-1.05pf-pm	5.39	3.49-3.44 p	m 5,79
Portugal	72.50-73.50	72.95-73.20	50-200c dis		150-525dis	
Spain	106.80-107.00	108.85-106.95	33-40c dla	-4.09	105-178 dis	-4.17
Italy	1,323-1,3277	1,326 - 1,327 -	91-105 lira dis	-2.05	281-301-dis	-2.91
Norway	3,1020-6,1140	6.1070-6.1120	0.50-0.10ore pm		0.50-0.10 p	
France	2,2500-6,3600	6.3200-6.3500	111-121c dis		22-231, dis	
Sweden	5.9138-5.9340	6.9140-5.9190	0.50-0.30ore pm		2.05-1,85 p	
Jepan .	246.00-247.80	247.45-247.56	1.55-1.47y pm		4.75-4.65 p	
Austria	18.78-18.88	18.82 - 16.83	9-8gro pm		27-24 pm	
Switz.	2.0380-2.0490	2.0470-2.0480	1.57-1.59c pm		4.80-4.72 p	

THE POUND SPOT AND FORWARD

				•		
June 11	Day's spread	Close	One month	7.a.	Three months	y. p.2.
U.S.	1.7540-1.7790	1.7745-1.7765	0.22-0.32c dis	-1.82	0.80-0.90dis	-1.91
Canada	2,7200-2,2400	2.2380-2.2390	0.78-0.88c dis	-4.45	2.20-2.30dis	-4.02
Nathind.	4.65-4.71	4.691-4.7012	13-14c pm	3.83	5-41 ₂ pm	4.04
Beiglum	79.79-80.50	80.15-80.30	17-27e dis		65-75 dis	-3.49
Denmark	14.41-14.55	14,521, 14.531,	57s-67-ore dis	-5.05	153-161-dis	-4.35
bnslend	1.2180-1.2270	1.2210-1.2230	0.66-0.74p dis	-8.87	1.90-2.07dis	-2.50
W. Ger.	4.21-4.28	4.241-4.251	12-1pf pm	3.53	43-37 pm	3,88
Portugal	128.50-130,25	129.50-130.00	105-380c dis	-22.43	325-1005dis	-20.50
Spain	188.70-190,20	139.85-190.05	72-92c dis	-5.18	244-278 dls	-6,47
Italy	2,339-2,356	2,353 - 2,355	197-221-lire dis	-10.70	61-65 dls	-10,70
Norway	10.78-10.86	· 10.84-10.85	-1-17-ore dis	-1.45	43-512 dia	-1.82
France	11.04-11.28	11.22-11.25	21 2-24 20 dis		431-47 dla	-15.20
Sweden	10:48-10.53		T-Thors dis		13-17 dis	-0.59
Japan	435-442	439-440	2.15-1.85y pm	5.46	2.35-6.05 pa	
Austris	29.75-30.00	29.88-29.93	12 Stagro par		347-28 pm	4.78
Switz.	3,60-3,65	3.63-3.64	21-2c pm	7.43	7-612 pm	7.43
OMITE.	9,03-3-03	diament .	# S.re bur	1,40	1-0-5 but	,

FORWARD RATES AGAINST STERLING

EMS EUROPEAN CURRENCY UNIT RATES

2.38893 6.26989 2.64127

Changes are for ECU, therefore positive change denotes a week currency. Adjustment celculated by Financial Times.

2.41815 6,19564 2,67296

+1,07 -0,36 -1.12 +1.07 -1.16 +0,35 +1.42

CURRENCY RATES

GOLD MARKETS

	June 11	June 10	
	Gold Builion (fine o	ипсе)	
Close	(£1854;-1844) (£187-1874) (£184,529) (£183,374)	\$32612-3874 (£185-18 \$32812-32814 (£185-18 5329 (£185-50 \$326,76 (£185.23	51a). (9)
	Gold Coins June	11	
	(19734) Victori (14-50) Franch (14-2034) 50 page	2 Sov 88812-9019 (2504 120e 57112-7354 (2404 15 Mex. 5329-40112 (2224 17 Aust 8318-32014 (2179	51) (-41 lg) (-926)) (-180))

June 11				£	
	.	· · · · · ·		Note Rates	
Argantino Peso	20.011 26,651	15,000-12,050t	Austria	20.55-29.25	
ustrallaDollar	1.7046 1.7065	0.9610-0.9615	Beigium	56.90-87.90	
razil Cruzeiro	284,84 295,84	166.21-197.04	Danmark	14.50-14.50	
finland Markka	2.180-8.202	4.6120-4,6210	Franca	11.03-11.13	
ireek Drachma	116,187-116,735	65,20 65,50	Согталу	4,22-4,28	
iong Kong Dollar	10.331-10.35	.e.8240-5.229G	Italy		
rankiel	146.90*	62.75	Japan	450-441	
(uwaitDinar.KO)	0.60826-0.60925	D.28686-Q.28706	Netherlands	4.66-4.71	
uxombours Fr	20.15-80.50	45.18.45.20	Nerway	10.75-10.85	
lalaysia Dollar	4.1050-4.1150	2.3140-2.3170	Portugal .	1201g-157	
lew Zealand Dir.	2.3455-2,3420	1.3225-1.3240	2pain	182-121	
audi Arab, Riyal	6.0725-6.0835	3,4270-3,4220	2weden	10,47-10,57	
Ingapore Dellan	3.7550-3.7650	2.1160-2.1190	Switzerland	3.01-3.65	
th African Rand	1.2540-1.9550		United States	1,771-1.721	
LA.E. Dirham.	5.5055-5.5175	3,6715-3,6736	Yugoslavia	88-101	

OTHER CO	CURRENCY	MOVE	MENTS				
June 11 Argentino Peso	£ 20.011 25,551†	5 15,000-12,050t	Austria	Note Rates 26.55-29.25	June 10	Bank of England Index	Morgan Guaranty Changes%
Australiaboliar. Srazil Gruzeiro Finiand Markka Greek Drachma Hong Kong Dollar IranRiel Kuwatbinariko Luxombourg Fr Malayeia Dollar New Zealand Dri Saudi Arab. Riyaii Stadi Arab. Riyaii Sth.African Randi	1.7040-1.7065 284.84-295.84 2.180-5.202 116.187-116.735 10.5312-10.35 146.90* 8.66825-8.66925 20.15-80.50 4.1050-4.1150 2.3455-2.3426 6.0725-6.0835 3.7550-3.7650	0.9610-0.9615 166.21-197.04 4.6120-4.6210 95.20-65.50 6.8240-5.229 62.75 D.2586-0.28706 45.12-45.20 2.3140-2.3170 1.3225-1.3240 3.4270-3.4220 2.1160-2.1190	Belgium Danmark Franca	5e.90.87.20 14,5e.14,50 11,03-11.13 4.22-4.20 2305-2350 45e.441 4.66-4.71 10,75-10.85 13e1e-157 182-121 10,47-10.57 5,e1-3.65	Starling U.2. doller Canadian dollar Austrian schilling Selgian franc Daniah kronar Dautsche mark Swiss franc Guilder French franc Lira	25.5 83.7 124.3 144.7 115.4	-32,8 +8.6 -30,2 +36,2 +36,2 +14,0 +94,1 +23,4 -15,0 -58,2 +28,2
U.A.E. Dirtiam	5.5055-6,5175 †Now o	3,6715-3,6735	Yugoslavia	1,771g-1,721g 83-101	Based on trade well Washington agreem Bank of England is 1975-100).	ent Decem	June 1071

June 11	Pound St'rling	U.S. Dollar	Deutschem's	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Gulid'	Italian Ura	Canadia Dollar	Belglan Fr
Pound Sterline U.S. Dollar	0,563	1.77e 1.	4.253 2.326	482.5 247.2	11,235 6,350	3,635 2,048	4,700 2,648	2356, 1325,	2,239 1,221	80,23 45,20
Deutschemark Japanese Yen 1,000	0.255 2.275	0,417 . 4,039	9.676	103.4 1000,	2,642 25,56	0.865 8.971	1,105 10,62	555.7 5367.	600°	18,87 182,5
French Frank 10 Swiss Franc	0.890 0.275	1.580 0,486	3.785 1.170	321,2 120,2	10. 3.091	3,235	4.185 1,293	2096. 647.7	2,982 0,616	71,41 22,07
Dutch Guilder Italian Lira 1,000	0.213	0.278 0.754	0,905 1,806	95.81 186.7	2.390 4.772	0,773 1,544	1,995	601,0 1800,	0.476 0.951	-17,07 34,07
Cenadian Dollar Belgian Franc 100	0,447 1,246	0.725 2.213	1.900 5,301	126.3 547.2	4.019 14.00	1.524 4.531	2,100 5,869	1052.	1,	35,84 ·

FT UNIT 1	RUST INF	DRMATION	SERV
Abbuy- Unit Tut. Mingrs. (a) 72-10. Sateboore Rd., Apindary 1296-5991 American Growth 574 617 4417 500 (Accus.) 542 548 641 540	AUTHORISI	ED TRUSTS	Ridgefield Blangswing Flathery Sr. 5024 1994 Income if T
Access Boles	Gressent Unit Tst. Mingrs. Ltd. (a)(g) 4 Mehille Cres., Editaryin 3 (25:-226:3462 Cres. American (37.2 40.2-0.1) 100 Cres. Caldidi (5.1 Cres. High Disc. 62.5 Cres. Minerations (7.4) Cres. Minerations (7.4) Cres. Minerations (7.4) Cres. Mineration (7.4) Cres	L. & C. Lieft Treet. Management Ltd., The Stock Extense, Landon SC.N. UNA 5882800 L&C Inc. Food 1464 1715 161 241 L&C Int. & Gen Fd. 1623 1107 -131 155	Bertheebild Annet Minney S. Seebild's Love, London SIA, MC Annel Con Proposition Med. Sair. Period Control MC Prop. See Seebild (1713) Next Sair. Period (1713)
ler Tal. FG. 53.4 53.9 40.5 41.5 52.0 41.5 52.0 40.5 40.5 40.5 40.5 40.5 40.5 40.5 40	Dartington Unit Trust Hingt. Ltd. Dartington, Totres, Dartington, Totres, Dartington, Totres, Dartington, Totres, Dartington, Totres, Dartington, Total	Lugal & General (Unit Tat., Morine) S.M. 5 Radelph Rd., Brennood 0277 22728 Scaley Dis. 79 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	Rethicidid Agent Manager
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Hambro Fund 145.0 155.1 15.2 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0	Director Unit Treat Managers Ltd. 51 Pall Mell, Louden SVI 581. 04402222 Income & Greek. SVI 5279 0.07 1.45 Special Sits. 24 254 0.3 1.79 E. F. Winchester Fund Mingt. Ltd.	September 1 Dead Conference 1 (0)-5-9-128. (City Lake New, Figurery Sq., 21 Apprinter Just 10, 1001 S Sector Heavilush & 2023 High Yield James 1 St. 0 Merilar James 9 Ch. 12 Finest Int. 11 Lt. 1 High Lat. 11 Lt.
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1, Note St., EC2Y7JA 01-296 8191 Inc. Marrish Fund 1771.0 180.0 1	James Finlay Unit. Trast Magt. Ltd. 20-14, West Nile Street, Chappen. 041-204 1521 27-14, Febry Internet? 35.0 5.4 123 Account, Units 5.4 5.2 125 Finlay Well Energy 12-2 13.0 387 Account Units 14.1 387 Account Units 14.1 387	M & Group (p)(E)(2) Time Quays, Tower Mts, EC3R 4802. CB-626, 4585 American Units) 74. American Recovery P7.8 44. (Account Units) 83.4 American Recovery P7.8 44.	income #4.5 The Send Int. Geth. Gil.1 UK Emply 64.5 Ourseld Family 12) (75.9
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FINANCIAL TIMES

Monday June 14 1982



Whitehall row likely on Falklands cost

BY PETER RIDDELL, POLITICAL EDITOR

that a sizeable part of the over-all current and capital cost of the Falklands operation will bave to be offset by savings in other public spending pro-grammes, including other parts of the Ministry of Defence's

This call is likley to lead to a big Whitehall row because Mr John Nott, Defance Secretary, bas already indicated that the full cost of the crisis, including the repalcement of lost ships and aircraft and the expense of any future garrison, should be additional to existing defence

outcome will bave a crucial bearing on the size of any income tax cuts in the Budget of spring 1983, which may be the last before the next general election.

Mr Leon Brittan, Chief Secre-

BRITISH TAXE ABGENTINE

POSITIONS Early Saturday

only further firm action to control public spending would allow significant reductions in the level of taxation.

The Treasury draws a key distinction between the Government's decision to put no cash ceiling on the military operations to retake the islands and the precise ways to meet the bill, oo which there is no agreement. Options are being drawn up by officials.

No official estimates of cost are seeping out of Whitehall, though a figure of about £500m to date is widely quoted for additional current spending (ignoring replacement of equipment, but covering the bill for extra fuel and supplies, requisition of ships, ammunition etc). At present the Treasury view is that the likely additional spending in the current 1982-83

financial year does not look very

BRITISH SPEABHEAD DIGGING IN

There is room for manoeuvre in a contingency reserve of £2.4bn. though officials point to other large potential claims, notably from nationalised industries and from public sector pay rises which might be higher than expected. There may consequently be Treasury pressure to offset savings in existing White-ball budgets, including that of

defence.

The main Treasury worries concern the plans for 1983-84, now starting to be considered. The cost of a long-term garrison on the Falklands could be very large and the initial costs of replacing lost equip-ment, already estimated in the City at roughly £500m, would be incurred next year.

slim margin for tax cuts next mitments, demands and expec-spring would disappear if these tations, with which we in the

Nott maintains that existing defence commitments should not be affected.

Ha and his officials are sald in Whitehall to be in no mood agree to the Treasury's demands, and claim the Prime Minister's backing for any necessary expenditure. The Ministry of Defence clearly wants to take advantage of this opportunity, after bruising disputes with the Treasury.

It is clear that the Treasury

will press for economies in nondefence programmes. Mr Brittan said on Saturday that, if Tories were "serious about

TREASURY ministers will argue already warned publicly that worrying and so there are hopes costs were to come on top of Treasury have to wrestle, cannot be allowed to continue in the longer 'term.' In a BBC radio interview ves

terday, Mr William Whitelaw, the Home Secretary, stress that the Government would still like other countries to help with the future security of the Falklands, but the UK would have to bear the main burden. He also said criticism of the Foreign Office had been "very unfair."

Mr Denis Healey, the Shadow Foreign Secretary, rejected a "Fortress Faiklands" policy but urged instead some form of UN trusteeship in which Argenment, already estimated to the city at roughly £500m, would imitations too. The momentum of public spending programmes on the Treasury case is that any tim margin for tax cuts next pring would disappear to the company to the compan tina would not participate but international support.

High ground Continued from Page 1

Stanley.
Mr Nott, after giving Tuesday's casualties in the Fitzroy area, said that he had not released tha figures of tha casualties there before hecause commanders on the spot wanted night. the Argentine troops to "remain uncertain about our strength on the ground and our capability to mount an early attack."

The first news of the advance involvement of 4,500 British and on Port Stanley came on Satur- 2,000 Argentine troops in the day when in a two-paragraph engagements. statement Mr Nott spoke of a brilliant surprise attack on Argentine positions west of Port Stanley " which took place on

by a Vulcan bomber on Port "advances of up to five miles

A communique from Argentina's High Command confirmed the attacks, while other reports from Buenos Aires spoke of involvement of 4,500 British and

There bas been no comment from London on suggestions that a second British warship was damaged or lost, or that

bad been made and all objectives taken.

Tre Defence Ministry refused all further comment on the operation for the 24 hours until Mr Nott's second statement last

two Harrier jets were shot

The resolution "regrettably concludes that it will be neces sary to escalate the industrial action in accordance with the guidelines issued by the TUC health services committee, with the aim of ensuring that health services are reduced throughout Great Britain to an accident and

Mr Michael McGahey, presi-

THE LEX COLUMN

Why zero hour may be deferred

Yields on long-dated ermment stocks have fallen by roughly two points since the beginning of the year, but the domestic bond market remains the preserve of the Treasury and the clearing banks.

last week, Midland joined Barclays in raising £100m of 25-year money; but the banks' return on capital makes light of a conpon in the mid-teens. The industrial fin-ance director, meanwhile, is sulking in his tent. He seems to have pulled the

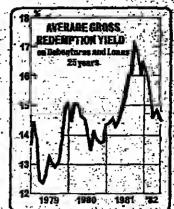
flap back for a day or so in the spring when it was widely suggested that encouragement might be given to the issue of low- or zero-coupon bonds. These instruments have attractions for both borrower, and lender quite apart from their potential for imaginative tax treatment. In a zero-conpon bond, the absence of servicing costs in the early years matches the initial lack of cash flow

from an investment project. The lender has no worries about the rate of return on reinvested interest: his gross redemption yield is fixed at From the point of view of the monetary anthorities, the attrac-

tion of re-opening the corporate bond market is that the refinancing of bank borrowings would bave a favourable impact both on the money supply statistics and on the structure of balance sheets. At present the money supply angle is handled by the Bank of England's over-funding it issues stock in excess of public borrowing needs in order to demonetise the advances. Companies want float- tal gains treated as capital ing rate money which the capital markets are unwilling to supply, while the Government's issue of fixed-rate debt satisfies the needs of institutional investors.

To alter the structure of the capital markets cannot be easy. Government debt is highly marketable, free from credit risk (a subject that the UK bond market has more or less forgotten about) while it offers considerable tax advantages to the investor. The question is whether it is worth giving nothing could be more artificial countervailing advantages to a conventional "long-dated." and affront to long-standing principles of taxation. It is on of "cheap" low-conpon moneyseems to be foundering.

The idea of allowing comincrements in their liability— unscathed. But if the Revenue will perhaps open without as the bond plods up to par- were to trest the uplift as special assistance



gainst corporation tax bills, while ireating the investor's profit as a capital gain rather than income, is anothema to the Inland Revenue's principle of fiscal symmetry. The Revenue's resistance to such schemes is perfectly understandable. It seems to have ruled—as was discussed in the Lombard column a week ago that the return on new bonds issued at a coupon well below the going commercial rate of interest would be treated as interest in the hands of the investor, just as if it were a very long-dated bill. Tax would presumably be

levied on the sale of a bond

rather than at redemption, else there would be a mighty washing of maturing stock into gross Here the Revenue's elaborate lingeria is in something of a twist. For investors can buy tired old low coupon deben-tures, issued when Bank Rate deposits created by bank was 91 per cent, and have capigains. Or they can participate in the Bank of England's regu-lar deep-discount issues of 3 per

cent stock, designed to induce the rich to lend their money squandering it on the Turk But new private sector bonds are different: the Revenue is blow-ing a whistle and crying "Artificial!"—which enables it to-clean up at the top marginal income tax rate.

Yet conceptually nothing is- are to be deemed unnatural:

lender and borrower only box exhausted companies would be prepared to issue low couper bonds, and they might not he the very finest long-term create

The U.S. way of preserving symmetry has been to impute interest to borrower and leader alike over the life of a zero coupon bond; as a result, companies will issue the stocks but pames will issue up suchs, our no American taxpayers is pre-pared to buy them. An investor who makes more than the notional gain implied by moort, isation towards par over the period he holds his retoil. If taxable at capital gains rate on the excess, and at money by rates on the imputed interest element. Quite spart from being horrendously comply cated, such a solution in the UK would require legislation to allow the Revenue to collect tax annually on unrealised

gains. With index-linked stocks the discount to par problem does not arise, and the drafter of 2 prospectus can legitimately design the indepartion element design the inderation element as capital or rolled up interes. In order to gain curporation tax relief a company would have to choose the rolled up interest route, so that its stock would only be interesting to gross funds. Once again, the issue would be at a disadvantage compared with the Government's more generally acceptable paper.

By this stage, it becomes possible to see with the problem has been more of less shelved especially as the volume of corporate bank lending is not worrying enough to make the authorities prepared to bend the rules. However, there is an urgent need for a clear statement from the Research if only to knock the whole thing finally on the head.

Perhaps the conclusion ought

to be that for all their motestations, companies in fact continue to be perfectly happy to borrow from the banks. They will not issue index-linked paper (always assuming they would have more success than the Government in selling it) in case they cannot keep future countervalling advantages to a conventional "long-dated" sales moving with inflation costs of such action—exchaquer large capital repayments in debt a point or so below the revenue forgone, possible long-real terms, begin after six present market yield whatever term distortions to the capital months. The Revenue has that yield happens to be. They markets arising from subsidy always taxed such "interest" do not really want to create because it was presented as new classes of debenture holder. such. Now attempts to present The institutions; for their part. the last of these that the idea it as capital which hit mostly seem to have no burning desire while the surrealistic artefacts their portfolios with corporate dreamed up by the life insurdebt. When the corporate bund panies to write off the annual ance industry get through largely market has a role to may, it

Coal Board makes new move to dig Belvoir pit

THE NATIONAL Coal Board has made a new application to dig a mine at Asfordby near Melton Mowbray, one of the three pits included in the controversial Vale of Belvoir scheme, turned down by the Government earlier this year.

The application has been submitted to Leicestershire County Council. The NCB clearly has high hopes that it will go through without difficulty. Opti-mists at the NCB evideotly believe that work on Asfordby. most expensive of the three pits originally planned, could even begin this year.

The original Belvoir mining plan called for pits at Asfordby, Saltby and Hose, hut the Government refused a go-ahead, on environmental grounds. A was that the Hose site was in the Vale of Belvoir itself, an area of great natural beauty. This was the cause of strong local objection.

But Mr Michael Heseltine, the Environment Secretary. made clear at the time that the NCB was to try again for permission to mine at Asfordby and Salthy, with better arrange-

ments for tipping waste.

The NCB has tried to lessen the impact of tipping with its latest application for Assorby. The amount of land required for tipping there bas been reduced from the original 114 hectares to 84, and the emount of waste to be disposed of annually by 100,000 tonnes, to 450.000 tormes a year. The NCB says it can cut

down on waste output originally planned in three ways; improved technology; use of some waste to fill in old quarries, gravel workings and railway cuttings; and a redesigned tip-

ping scheme.

Plans for the pit itself remain largely unchanged. It would give access to 146m of the estimated 510m. tonnes of coal reserves in north-east Leicester

Fully developed, it would bave an annual output of 2.2m tonnes and ultimately employ

The NCB is expected to see how the Asfordby application fares before considering another submission for Saltby.

The Duke of Rutland, of Bel-

voir Castle, who originally threatened to lie in front of bulldozers to protect the Vale from mining gave a guarded welcome yesterday to the latest

The Duke said: "This land. which is edjoining an industrial and commercial area, could be suitable for mining, provided it

It must also be recognised that it will give employment to a lot of people who will not bave to intrude further into the

But we are still not convinced there is a need for this mine at all. We might well be prepared to accept this mine. providing there are essential environmental safeguards."

Health unions win more support

BY PHILIP BASSETT IN BRIGHTON AND IVO DAWNAY IN BRID LINGTON

ON OUTSKIBTS OF STANLEY

HEALTH SERVICE unions continue to intensify their campaign of industrial action and are winning more support from other groups of workers. Evidence of growing pressure

from grass roots activists for an escalation of the dispute emerged on the eve of the Confederation of Health Service Employees conference in Bridlington yesterday. An emergency resolution put by the union's Dundee branch

claims that industrial action bas of the 12 per cent pay rise jointly sought by 11 NHS unions.

militant than an alternative and bospital to hospital.

emergency resolution agreed by
the national executive committives in the National and Local the national executive committee yesterday—though that also proposes an escalation of selected stoppages. The NEC strategy calls for a rotation of strikes by staff groups in difbospitals to accident and emer-gency cover only by the end of bers are at the centre of the

so far proved "completely inef-fective" and calls for all-out Mr Albert Spanswick, general strikes at selected key bospitals secretary of Cohse, said the across the country in pursuit new action would involve more

The motion is markedly more from department to department ing support to an emergency

tion, which has about 100,000 members in the NHS in clerical and administartive areas, will be asked today to approve stepferent hospital departments
aimed at reducing all NHS
Union of Public Employees,

> as crucial. Delegates to Nalgo's bealth group meeting at its annual

action, regard the continued

motion on tha dispute.

emergency service only by June 23, 1982."

involvement of Nalgo members dent of the 15,000 Scottish mineworkers, has called on his members to strike on June 23 in sympathy with the bealth serstrikes, taking place at shorter cooference in Brighton today vice workers, whose next 24 notice and alternating rapidly are expected to give overwhelm- hour stoppage is on that day. vice workers, whose next 24-

Unions shun 'quit EEC' drive

BY JOHN LLOYD, LABOUR EDITOR

THE TUC campaign for with-drawal from the European in October, on the issues facing Economic Community, a policy which won a large mejority from delegates at Congress last September, has had an apathetic response from most unions, and wide divisions of opinion in a

Next Wednedsay's meeting of the TUC General Council will receive a report from its Economic Committee recommending a cautiously low-key campaign on withdrawal

This contains only six replies from the 108 affiliated unions to a call from the committee in February seeking suggestions for an effective campaign.

Of the six that answered, only three argued for withdrawal. Of the four TUC committees that made submissions, three were non-committal factual statements and one, from the Committee, strongly against withdrawal.

The General Conncil will be asked to approve publication of a leaflet on the failings of the Common Agricultural Policy before the next Congress, and a raised in the campaign.

BY LARRY KLINGER IN BRUSSELS

expected this morning to adopt new proposals, designed to form the basis of a Common

Fisheries Policy (CFP), which are likely to isolate Denmark for

the first time io the history of

the protracted dispute over

expected to meet broad accept-ance in the majority of the European Community's mem-

ber-states, they are sure to be

strongly opposed by Denmark if

they are adopted by the Com-

mission in their present form. On the other band, as seen from Britain, France and West

Germany, the proposals for the

first time strike a balance that

THE European Commission is six years.

the UK if it withdrew from the

Left-wingers oo the Council are likely to argue for a more vigorous exercise, but will be hampered by the apparent indifference to the issue.

The TUC is further inhibited by its need to continue dealings with the EEC while preparing for a campaign to aever connections with it. The Economic

document to the General Council notes that the campaign must cover "the need to fight for EEC policies which benefit the UK while we remain a member of the Community."

The unions' and TUC committees' submissions to the Economic Committee report are, with few exceptions, of little help to construction of a campaign.
Only the Association

Scientific, Technical, and Managerial Staffs, and to a lesser extent the Transport and General Workers' Union, make suggestions for issues to be

Fisheries plan upsets Denmark

making no secret of his dis-

reflect faithfully Danish pre-

occupations over the issue and may feel forced to let it be

known that his objections are

being over-ridden by his fellow

sive rounds of talks over the

past six months involving the

Commission, Britain and the

other main EEC fishing nations.

It is now being proposed that

The proposals follow exten-

Commissionars.

has defied resolution for nearly coastal zone and its additional mark.

He has felt compelled to

The TGWU submission, in a in October, on the issues facing letter from Mr Moss Evans, its geoeral secretary, to Mr Len Murray, the TUC general secretary, includes a plea for a relatively stringent protectionist policy after withdrawal. Mr Evans writes: "Frankly,

I think we ought to look at the tiated withdrawal by Britain would, properly handled, create a constructive crisis in which whole number of tariff arrangements could be recon-

The longest and most closely argued submission is from the Electrical and Plumbing Trades Union, which mounts a sustained argument against withdrawal.

Its conclusions are supported by the TUC Steel Committee, which says that its members "see no realistic alternative . . . to accepting the continuance of the same form of European control and co-operation in relation to prices, output and investment policy . . . the present relationship between the UK and the other EEC members must be

six-mile belt in which only

is likely to be met is for a wider area of limited access

round the north east of Scot-

maintained."

So strong is the opposition limited access is allowed to in Denmark, to the suggested meet tha historical rights of quotas for its fisherman, however, that Mr Poul Dalsager, the Danish Commissioner, is making no secret of his fisher access is allowed to meet tha historical rights of other EEC countries.

Another British demand that is likely to be a secret of his likely to be a secret of hi

Weather

SUNNY periods and showers.

Loudon, S., N.W. England, Midlands, Wales, S.W. Scot-land and N. Ireland. Sunny intervals, becoming cloudy with showers. Max 18C

Glasgow, Argyll, N.W. Scotland and Central Highlands. Sunny periods with isolated showers. Max 12C (54F).

15C (59F).

	Algiers	S	29	84	Luxmbg.	C	14	67
ı	Amadm.	C	14	57	Luxor	٠S	42	108
	Athena	a	25		Madrid	F	24	75
	Bahrain	S	33	B٦	Majorca	C		
ı	Barcina.	F	24	75	Malaga	S	32	90
l	20 rut		_	_		3	32	90
۱	Relfest	ç	' 12	54	(M'chatr	С	13	55
	anigrd.	Ţ	21	70	Melbne.	F	14	57
	Bertin	С	1 a	81	Mx. C.+		-	-
	Blarritz	C	18	64	Miamit	F	25	77
l	Bmgbm.	Ç	.14		Milan	Ç	22	72
	aleckpi.	C	13		Montri.†	,c	10	81
	Bordx.	R	18		Moscow		13	55
ĺ	Soulgn.	Ë	12	54	Munich	Č	15	59
	Sristol	Ç	·13	55	Natrobi	C	24	75
ł	Brussela	C	12	54	Naples	С	24	75
	Sudpet.	С	18		Nessau	_	_	·= J
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	Coriu	F	26		Perth	Ĉ	15	59
	Oenvert	ć	13		Prague	č	15	59
	Oublin	č	13	32	Rykivk.	Ř	7	45
	Dbrynk,	ř	24	75	Rhodes	s	25	77
	Ednbgh.	ċ	14		Rio J'ot	•		
	Faro	š	23	73	Rome	e.	25	77
	Florance	Ř,	12	66	Salzbro.	a.	13	55
	Frankit.	F	1B	64	Selzbrg. S'ciscot		Ξ.	
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	Geneve	R	11	52	Singepr.	. T	25	`77
	Gibritz.	S	29	84	S'tingot	•	_	F
	GI'so'w	С	.13	55 l	atckhm.	F	11	52
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	H. Kong	F	31	88	Tanglar	S	24	75
	innebit.	Ŗ	14		Tel-Aviv	5	27	B1 -
	invm sa.	Ċ	17	52)	Tenenite	5	. 23	73
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	Jo purg		18	66	Valencia	Š	30	86
	Pleas	Ξ.	73	721	Vanion	•	17	800 E

UK TODAY

Rest of England and Scotland.

Cloudy with showers. Max Outlook: Unsettled.

WORLDWIDE

Algiers S 29 84	Luxmbg. C 14 67
Amadm. C 14 57	Luxor S 42 108
	Madrid F 24 75
Behrein S 33 Bt	
Barcina. F 24 75	Malaga S 32 90 I
Zeirut — —	
Beifest C 12 54 Beigrd, T 21 70	M'chatr C 13 55
Beigrd. T 21 70	Melbre. F 14 57
Bertin C 18 81	Mx. C.T
Biarritz C 18 64	Miamit F 25 77 Milan C 22 72
8mgbm, C .14 57	Milan C 22 72
Blackpi. C 13 55	Montri + C 18 81
Bordx. R 18- 64	Moscow C 13 55
Boulgn, C 12 54	Munich C 15 59
Sristol C 13 55	Natrobi C 24 75
Brusseia C 12 54	Naples C 24 75
8udpet. C 18 66	Nessau
Cairo — —	Nwcstl. C 11 52
Cardiff C 13 55	N Yorkt R . 11 52
Caa'b'ca S 22 72	Nice & 25 77
Capa 7,	Nicosia S 29 84
Chicg. F . 13 55	Oporto C 17 63
Calogne R 13 55	Oslo C 13 55 1
Cpnhgn. R 13 55	Paris R 17 63
Coriu F 26 79	Perth C 15 59
Denvert C 13 55	Prague C 15 59
Oublin C 13 55	Rykjek R 7 45
Dbrvnk. F 24 75	Rhodes S 25 77
Ednbgh. C 14 57	Rio J'ot
Faro S 23 73	Rome 6, 25 77
Florence R. 12 66	
Frankit. F 1B 64	S'circot
Funchel S 21 70	S. Mintx
Geneve R 11 52	Singepr. 7 25 '77
Gibritt. S 29 84	S'tinger
GI'so'w C .13 55	atckhm. F 11 52
G'maey & 15 51	Stresby R 14 57
Heleinki C 9 48 H. Kong F 31 88	Sydney C 16 81
	Tel-Aviv 5 27 81
Invmss. C 11 52	Tenenire 5 23 73
I.o.Men C 13 55	Tokyo C 27 81
Jersey F 17 63	Trintof R 18 59
	Valencia S 30 86
	Venice C' 17 63
Liabon C 20 88	Vienna C 18 .64
	Warsaw F . 18 - 84
Landon C 14 57	Zurich .C 13 55

NOBODY WAN D MOVE THEIR BUSINESS Nobody wants to move their businessspace. The need to find the right staff. And the big one. The need to expend to Northampton or anywhere else. Relocating is a bassle. Thinking about it to find the room to build on your

not surprising. Once you start looking it's a jungle out there. Come here. Go there. Lots of choice, on the surface. Just like choosing a holiday resort. Or a new car. Easy.

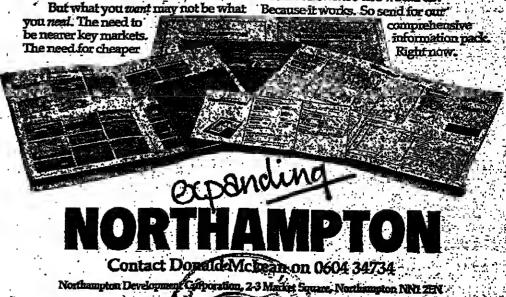
is as far as most firms ever get. And it's

But it's not. It's possibly the biggest step any company ever takes. There's a lot of heart searching goes into it, and even more research. That's why most. companies just want to stay where they

Nobody toants to move to Northampton. Levi's didn't. Carlsberg didn't. Saab and Barclaycard didn't. Nor did any of the other successful companies. that have relocated here. Not until they'd checked out the benefits. Until they'd

hassle out, and offer all the advantages expected of an expanding county town. That's why they moved to Northampton. Because they needed to. Because nowhere else would do.

found out that we can help to take the



preferential coastal limits. On the other main outstand-ing issue—the question of the share-out of the EEC's limited fish stocks to the member states - the Commission is close to meeting the might at last, pave the way to Britain be granted new ten-year demands of the majority of the a fisheries policy and thereby arrangements that would pre- main fishing nations though end a bitter EEC dispute which serve its exclusive six-mile still far from satisfying Den-

land, including the Orkney and Shetlands Islands, to be policed Britain would also be guaran-teed a review within ten years to establish a continuation of